

# **Doing Business in Lebanon**

# 2014 Country Commercial Guide for U.S. Companies

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- Chapter 1: Doing Business In Lebanon
- Chapter 2: Political and Economic Environment
- Chapter 3: Selling U.S. Products and Services
- Chapter 4: Leading Sectors for U.S. Export and Investment
- Chapter 5: Trade Regulations, Customs and Standards
- Chapter 6: Investment Climate
- Chapter 7: Trade and Project Financing
- Chapter 8: Business Travel
- Chapter 9: Contacts, Market Research and Trade Events
- Chapter 10: Guide to Our Services

## Chapter 1: Doing Business in Lebanon

- Market Overview
- Market Challenges
- Market Opportunities
- Market Entry Strategy

Market Overview Return to top

- Lebanon has a population of 4.51 million as of 2014, as estimated by International Monetary Fund (IMF) statistics. It was the 77<sup>Th</sup> largest market for U.S. exports in 2013, according to U.S. Department of Commerce statistics. The Lebanese Customs Authority reported that Lebanon's total imports in 2013 reached approximately USD 21.228 billion, of which USD 1.5 billion came from the United States.
- In 2013, the United States ranked as Lebanon's number four trading partner behind China, Italy and France. According to Lebanese Customs statistics, major U.S. exports to Lebanon were mineral fuel and oil (USD 607 million), vehicles (USD 241 million), machinery and electrical instruments (USD 170 million), products of chemical industries (USD 162 million), prepared foodstuffs, beverages and tobacco (USD 64 million), and vegetable products (USD 47 million).
- Real GDP growth is estimated to have slowed from eight percent in 2010 to 1.5 percent in 2013, according to May 2014 IMF statistics, with nominal GDP estimated at USD 45 billion in 2013. The IMF forecasts that growth could reach around two percent in 2014, with the average inflation rate remaining stable at 3.2 percent in 2013 and 2014.
- Lebanon's economy follows a laissez-faire model. The economy is highly dollarized and
  the average exchange rate is stable at Lebanese Lira (LL) 1507.5 to the dollar. The
  country has few restrictions on the movement of capital across its borders. The Lebanese
  government's intervention in foreign trade is minimal.
- Lebanon faces major financial challenges, notably a very high level of public debt and large external financing needs. The business climate will remain sensitive to domestic and regional political and security developments. Spillover from the Syrian crisis will continue to impact growth which is expected to remain below potential in the near term.
- The U.S. Government has neither a bilateral investment treaty (BIT) with Lebanon nor an
  agreement on the avoidance of double taxation. The U.S. Government signed a Trade
  and Investment Framework Agreement (TIFA) with Lebanon in 2006. Since 1999,
  Lebanon has had observer status at the World Trade Organization (WTO), but has not
  acceded to the organization. In 2006, Lebanon signed an association agreement with the
  European Union.

- Starting a new business in Lebanon is relatively simple and open to all. According to the World Bank's Doing Business 2013 report, opening a business in Lebanon requires an average of five steps and nine days, compared to the global average of seven steps and an average eight steps in Arab countries.
- According to Transparency International's (TI) 2013 Corruption Perception Index (CPI), Lebanon ranked 127 out of 177 countries worldwide and 13 out of 19 MENA countries. Foreign companies have complained about impediments such as arbitrary licensing decisions, complex customs procedures, archaic legislation, an ineffectual judicial system, high taxes and fees, high telecommunications charges, poor power services, slow internet services, varying interpretation of laws, and a lack of adequate protection of intellectual property.
- Lebanon adheres to the Arab League boycott of Israel. Enforcement is selective, as many goods on the boycott list are available in the Lebanese market. The Arab League's Central Boycott Office maintains a blacklist of U.S. firms that are believed to contribute to Israel's military or economic development. As per U.S anti-boycott regulations, U.S. companies may refrain from certifying that their products do not come from Israel. If there appears to be any request that might be in support of boycotts, companies should contact the Bureau of Industrial Security (BIS) in the U.S. Department of Commerce (http://www.bis.doc.gov).

## **Market Opportunities**

Return to top

- The Council for Development and Reconstruction (CDR) is the government's executive body responsible for tendering major projects, procuring financing for these projects, and supervising their execution. Major projects lie in transportation, electricity, telecommunications, education, solid and water waste. These projects are listed at http://www.cdr.gov.lb/eng/home.asp.
- Significant investment opportunities for international companies exist in the electricity, water and wastewater and oil and gas sectors, safety and security and healthcare. More information about electricity and water projects can be found at <a href="http://www.energyandwater.gov.lb">http://www.energyandwater.gov.lb</a>. More information about Lebanon's oil and gas opportunities can be found at <a href="http://www.lpa.gov.lb">http://www.lpa.gov.lb</a>.

## **Market Entry Strategy**

Return to top

- U.S. companies interested in doing business in Lebanon are advised to hire a Lebanese agent or distributor. Although working through an agent is a very common practice in Lebanon, networking and lengthy investigation are key to finding an appropriate one.
- U.S. companies do not need to visit Lebanon to find an agent. The U.S. Commercial Service can help U.S. companies find the right partner through the International Partner Search (IPS) service. More information is available at http://export.gov/lebanon/eg\_lb\_035712.asp.
- The Investment Development Authority of Lebanon (IDAL), a public agency responsible for promoting investments in Lebanon, has a "One-Stop Shop" service to issue permits and licenses for investors. Information is available at <a href="http://investinlebanon.gov.lb">http://investinlebanon.gov.lb</a>.

## Return to table of contents

## Return to table of contents

# Chapter 2: Political and Economic Environment

For background information on the political and economic environment of Lebanon please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/35833.htm

Return to table of contents

## Chapter 3: Selling U.S. Products and Services

- Using an Agent or Distributor
- · Establishing an Office
- Franchising
- Direct Marketing
- Joint Ventures/Licensing
- Selling to the Government
- Distribution and Sales Channels
- Selling Factors/Techniques
- Electronic Commerce
- Trade Promotion and Advertising
- Pricing
- Sales Service/Customer Support
- Protecting Your Intellectual Property
- Due Diligence
- Local Professional Services
- Web Resources

## **Using an Agent or Distributor**

Return to top

U.S. companies are advised to appoint a Lebanese agent or distributor when doing business in Lebanon. The agent may be a partnership, a sole proprietorship, a joint-stock company, or a limited liability company. The agent can act on behalf of the U.S. company to bid for government tenders and to market its products.

The U.S. Commercial Service can help U.S. companies find reliable agents through International Partner Search (IPS). More information can be found at <a href="http://export.gov/lebanon/eg\_lb\_035712.asp">http://export.gov/lebanon/eg\_lb\_035712.asp</a>.

#### **Establishing an Office**

Return to top

A foreigner who wishes to establish a business branch in Lebanon must apply for a residency permit from Directorate of General Security (aka Sûreté Générale) and a work permit from the Ministry of Labor. Foreign companies require a license to operate from the Ministry of Economy and Trade. U.S. companies may operate through local branches, provided they obtain a "receipt of acknowledgement" from the Ministry of Economy and Trade and register in a local commercial court. For trade activity, the company must be registered at any of the four regional chambers of commerce and industry.

The Investment Development Authority of Lebanon (IDAL) has a "One-Stop Shop" service to issue permits and licenses for investors. More information can be found at <a href="http://investinlebanon.gov.lb">http://investinlebanon.gov.lb</a>.

Franchising Return to top

Franchising is one of the fastest growing business sectors in Lebanon. Franchising opportunities are most common in the fast food sector. Major American food franchises present in Lebanon are Baskin-Robbins, Burger King, Chili's, Clucksters', Domino's Pizza, Dunkin' Donuts, **Häagen-Dazs**, Hardees, Hard Rock Café, Kentucky Fried Chicken (KFC), Krispy Kreme, Magnolia Bakery, Marble Slab Creamery, McDonald's, P.F. Chang's, Pizza Hut, Shake Shack, Starbucks, Subway, and T.G.I. Friday's. The spillover effects of the Syrian crisis have led to a decline in Lebanon's tourism industry, which has affected the restaurant and hospitality sectors.

Franchising opportunities are also available in the area of clothing and services. Major service-related American franchises in Lebanon include Berlitz Languages, Century 21 Real Estate, Coldwell Banker, Hertz, New Horizons, RE/MAX International, Thrifty Car Rental, and Ziebart.

In April 2008, the Lebanese Franchise Association (LFA) signed a memorandum of understanding with the International Franchise Association to foster international training and sharing of information. LFA hosted its fourth Beirut International Franchise Forum (BIFEX) April 29-30, 2014, at Phoenicia Beirut. The forum gathered franchisors and potential franchisees from the Middle East. More information about LFA, can be found at <a href="http://www.lfalebanon.com">http://www.lfalebanon.com</a>.

## **Direct Marketing**

Return to top

With over USD 185 million spent in 2013 on advertising (an increase of two percent compared to 2012), the advertising industry has proven to be the most effective marketing channel in Lebanon. The industry commonly relies on TV, radio, and billboards. During 2013, television captured USD 75 million (40.4 percent) of the advertising market share. The remaining portions were in outdoor billboard marketing with USD 46 million (24.8 percent), newspapers with USD 30 million (16.2 percent), radio and magazines with USD 14 million each (7.5 percent each), online with USD 5.5 million (three percent), and cinemas USD one million (0.6 percent). Online advertising rose by 22 percent last year, outdoor billboard ads increased by seven percent, TV ads improved by 5.6 percent and radio ads grew by 3.7 percent; magazines ads regressed by 12.5 percent and newspapers ads contracted by 9.1 percent. Cinema ads remained unchanged year-on-year.

According to IPSOS-STAT, monitored advertising expenditures in Lebanon reached USD 1.5 billion in 2013, up 21 percent from USD 1.23 billion in 2012. Lebanon's monitored advertising expenditures accounted for 7.4 percent of total spending in Arab countries, the fifth highest such share.

Marketing can be also achieved through trade fairs and exhibitions. Numerous international fairs are held in Lebanon every year, with significant participation from European, Asian, Middle Eastern, and, increasingly, U.S. companies. Additional information can be found at <a href="http://export.gov/lebanon/tradefairsinlebanon/index.asp">http://export.gov/lebanon/tradefairsinlebanon/index.asp</a>.

Joint ventures in Lebanon are established through the following six steps:

- 1 Completion of preliminary legal tasks
- 2 Payment of share capital
- 3 Registration at the Trade Register
- 4 Registration at the Bar Association
- 5 Payment of duties at the Ministry of Finance
- 6 Release of capital

For detailed information please visit IDAL's website: http://investinlebanon.gov.lb/Content/uploads/Joint Stock Company.pdf.

Licenses are usually issued by the concerned ministries or through the Investment Development Authority of Lebanon (IDAL). More information can be found at <a href="http://investinlebanon.gov.lb">http://investinlebanon.gov.lb</a>.

## **Selling to the Government**

Return to top

The Council for Development and Reconstruction (CDR), a public authority established in 1977, is the government body responsible for all major reconstruction and development projects in Lebanon. The CDR is accountable to the Council of Ministers (i.e. Cabinet) and coordinates its sector-based actions with the concerned ministries. These projects are usually carried out through public tenders, although purchases are occasionally made via direct contract when attractive financing protocols are offered. More information about projects to be awarded and ongoing projects can be found at <a href="http://www.cdr.gov.lb/eng/select\_projects.asp">http://www.cdr.gov.lb/eng/select\_projects.asp</a>.

Ministries can issue tenders below LBP 100 million (USD 66,335); these are published on the ministries' websites and in local newspapers. However, for tenders exceeding the threshold, the public tendering department is responsible for launching these tenders unless the cabinet authorizes the relevant ministry to launch the tender directly. A list of ministries and their websites can be found in chapter nine. U.S. companies can apply directly for these tenders or can rely on local agents to bid on their behalf.

Lebanon does not abide by the WTO-Government Procurement Agreement. Lebanon has a public procurement law that is outdated, and a new law, which is currently under review by the World Bank, needs to be approved by the cabinet.

## **Distribution and Sales Channels**

Return to top

Most products imported to Lebanon enter either through the Beirut-Rafic Hariri International Airport (RHIA) or the Beirut Port. Foreign exporters rely on local companies both to receive the imported products at the Beirut Port and Beirut-RHIA after they are cleared by local or international expeditors from the customs authority and to distribute them subsequently in the market. Although traditional markets and souks exist in Lebanon, most products are distributed through modern retail stores, shopping malls, department stores, and supermarket chains spread throughout the country.

Major shopping malls and department stores in Lebanon include ABC, Beirut City Center, Beirut Mall, Beirut Souks, CityMall, and Le Mall. Major supermarket chains

include Carrefour, Le Charcutier Aoun, Fahed Supermarket, Metro Superstore, Monoprix, Spinneys, and the Sultan Center (TSC).

## **Selling Factors/Techniques**

Return to top

The Lebanese market is generally considered to be free and price sensitive. Sales material can be in English, French, or Arabic. Many European and Asian brands introduced into the market have managed to gain considerable market share, but high-quality U.S. products are still valued by high-end consumers who appreciate quality, technology, innovation, and added value.

Exclusive rights are a common practice in the Lebanese market, and Lebanese companies usually request exclusive rights when signing agency agreements with foreign companies. Therefore, U.S. companies are encouraged to work with one exclusive agent to represent their products in Lebanon. It is also advisable that U.S. companies consult with lawyers when doing business in Lebanon. A list of lawyers can be found at <a href="http://lebanon.usembassy.gov/attorneys.html">http://lebanon.usembassy.gov/attorneys.html</a>.

#### **Electronic Commerce**

Return to top

E-commerce is in its early stages in Lebanon. Some e-commerce ventures, such as online shops, auctions, services, and content publishing, have been established. These ventures remain limited due to the continuing lack of a legal and regulatory framework for e-transactions. Moreover, the Lebanese populace has yet to be convinced of the reliability and safety of online transactions. Internet and telecommunications prices remain relatively high, although substantial reductions will be adopted as of July 2014. In 2004, the European Union financed the establishment of a project in Lebanon to promote the development of e-commerce. More information on this project can be found at http://www.economy.gov.lb/index.php/project/2/12.

## **Trade Promotion and Advertising**

Return to top

Lebanon is considered a regional center for the advertising industry, with offices serving most of the Arab region, including the Gulf countries. Lebanon itself enjoys a sophisticated domestic audience and a thriving media sector. There are 13 television stations, 18 newspapers, over 30 magazines, and many radio stations.

Television remains the favored medium of advertising and captures half of the advertising market. Other media include print, billboards, and radio.

There are many Arabic-language dailies in Lebanon, as well as the English-language *Daily Star* (http://www.dailystar.com.lb) and the French-language *L'Orient Le Jour* (http://www.lorientlejour.com). Most newspapers have websites displaying the latest news on Lebanon.

The following are major trade fair organizers in Lebanon:

- BIEL Center (http://www.bielcenter.com)
- Confex-Lebanon (http://www.confex-lebanon.com)
- Hospitality Services (http://www.hospitalityservices.com.lb)
- Iktissad Events (http://www.iktissadevents.com)

- International Fairs and Promotion (http://www.ifpexpo.com)
- Promofair (http://www.promofair.com.lb)

Major business magazines are the English-language Lebanon Opportunities (http://www.opportunities.com.lb), Executive Magazine (http://www.executive-magazine.com), Arab Ad Magazine (http://www.arabadmag.com), and the Frenchlanguage Le Commerce du Levant (http://www.lecommercedulevant.com).

Pricing Return to top

Imported goods are subject to customs duties and a value-added tax (VAT) of ten percent. The Consumer Protection Department at the Ministry of Economy and Trade sets the price of local Lebanese flat bread (note that other types of bread, such as baguettes or sliced sandwich bread are not affected by these regulations). The Ministry of Energy and Water sets the prices of petroleum derivatives, and the Ministry of Public Health sets the prices of pharmaceuticals. The Technical Center for Price Control at the Ministry of Economy and Trade surveys supermarket prices of consumer goods every two months, and the Ministry of Health also controls the price of pharmaceuticals.

## Sales Service/Customer Support

Return to top

A number of leading Lebanese companies have sales service and customer support units, as such services are critical to maintaining market share. Lebanon has passed and implemented a Consumer Protection Law, which calls for the establishment of mechanisms for better protection of consumers. The Consumer Protection Directorate at the Ministry of Economy and Trade has a call-center hotline (1739) to field consumer's claims.

#### **Protecting Your Intellectual Property**

Return to top

## **Intellectual Property Climate in Lebanon**

Lebanon's intellectual property (IP) legislation is generally compliant with international standards, and enforcement has improved in recent years. Challenges remain, however, particularly in the pharmaceutical industry and optical media. It is advisable that U.S. companies register their patents and trademarks at the Ministry of Economy and Trade (MoET) before introducing them into the marketplace. Online registration is available through the ministry's website http://www.economy.gov.lb/index.php/subCatInfo/2/25/7/2. We also recommend contacting a local lawyer whenever confronted with an IPR violation. A list of lawyers practicing in Lebanon is available at the U.S. Embassy's website at http://lebanon.usembassy.gov/attorneys.html

Improvements in the IP enforcement regime in 2007 led the United States Trade Representative to move Lebanon from "Priority Watch List" to "Watch List," where it has remained to date.

Problems persist, however, including the widespread availability of pirated optical discs. Registration of counterfeit pharmaceuticals also remains problematic, although the Government of Lebanon (GoL) issued a decree in 2008 aimed at improving the

protection of undisclosed information used to secure marketing approval for pharmaceuticals. Counterfeiting of trademarked goods continues. The judiciary must improve the implementation of IP laws. There are several new IP laws and amendments to current laws pending parliamentary ratification that, if passed, would increase IP rights protection. Parliament approved Lebanon's accession to the WIPO Internet Treaties – the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) - in 2010. Lebanon has yet to submit its instruments of ratification, however, arguing that it must ensure passage of necessary amendments to the Copyright Law before it can implement the treaties. Other legislation, including laws needed to comply with the latest act of the Berne Convention for the Protection of Literary and Artistic Works, are also pending in parliament.

## **Protecting Your Intellectual Property in Lebanon:**

Several general principles are important for effective management of intellectual property ("IP") rights in Lebanon. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Lebanon than in the United States. Third, rights must be registered and enforced in Lebanon under local laws. Your U.S. trademark and patent registrations will not automatically protect you in Lebanon. Most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions. In Lebanon, new products are officially protected when the patents, trademarks, and industrial designs are deposited with the MoET, without further examination. Copyrights are protected and enforced without registration; registration is optional for Lebanese and foreign right holders.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Lebanese market. The MoET launched online trademark registration in January 2013, which can be found at <a href="https://portal.economy.gov.lb">https://portal.economy.gov.lb</a>. It is vital that companies understand that IP is a private right and that the U.S. Government generally cannot enforce rights for private individuals in Lebanon. It is the responsibility of the rights holders to register, protect, and enforce their IP rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Lebanese law. The U.S. Commercial Service can provide a list of local lawyers upon request. The list can be found at: <a href="http://lebanon.usembassy.gov/attorneys.html">http://lebanon.usembassy.gov/attorneys.html</a>

While the U.S. Government stands ready to assist, there is little the U.S. Embassy in Lebanon can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Lebanon require constant attention. Work with legal counsel familiar with Lebanese laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting and piracy. There are a number of these organizations, both Lebanese or U.S.- based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- American Lebanese Chamber of Commerce (Amcham)
- Chamber of Commerce, Industry and Agriculture Beirut (CCIAB)
- Chamber of Commerce, Industry and Agriculture Saida (CCIAS)
- Chamber of Commerce, Industry and Agriculture Tripoli (CCIAT)
- Chamber of Commerce, Industry and Agriculture Zahle (CCIAZ)
- Association of Lebanese Industrialists (ALI)
- Lebanese Franchise Association (LFA)
- Professional Computer Association (PCA)
- Union of Arab ICT Associations (IJMA3)

#### **IP Resources**

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or visit www.STOPfakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: 1-800-786-9199, or visit <a href="http://www.uspto.gov">http://www.uspto.gov</a>. The USPTO also has a regional IPR Attaché for the Middle East & North Africa, Aisha Salem,

available at Aisha.Salem@trade.gov. For more information on the IPR Attaché program generally, please visit http://www.uspto.gov/ip/global/attache/index.jsp.

- For more information about registering for copyright protection in the US, contact the US Copyright Office at: 1-202-707-5959, or visit http://www.copyright.gov.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please the "Resources" section of the **STOP**fakes website http://www.stopfakes.gov/resources.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.stopfakes.gov/businesss-tools/country-iprtoolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IP offices abroad and U.S. Government officials available to assist SMEs.

**Due Diligence** Return to top

U.S. firms wishing to do business in Lebanon are encouraged to conduct due diligence on their potential partners. To verify the bona fides of Lebanese companies, U.S. firms may request the U.S. Commercial Service International Company Profile (ICP) service. The ICP report includes factual data on the Lebanese firm's management, business activities, product lines, financial condition, credit-worthiness, trading experience, market coverage, and business connections in the country, as well as an embassy evaluation to help U.S. firms assess risks, reliability, and capability. More information can be found at http://export.gov/Lebanon/eg lb 035710.asp.

## **Local Professional Services**

Return to top

American Lebanese Chamber of Commerce: http://www.amcham.org.lb Chamber of Commerce, Industry and Agriculture Beirut and Mount Lebanon: http://www.ccib.org.lb Chamber of Commerce, Industry and Agriculture of Sidon and South Lebanon: http://www.ccias.org.lb Chamber of Commerce, Industry and Agriculture of Tripoli and North Lebanon: http://www.cciat.org.lb Chamber of Commerce, Industry and Agriculture of Zahle and Bekaa: http://www.cciaz.org.lb Association of Lebanese Industrialists: http://www.ali.org.lb

Lebanese Franchise Association: http://www.lfalebanon.com Professional Computer Association: http://www.pca.org.lb Union of Arab ICT Associations: http://www.ijma3.org

**Web Resources** Return to top

U.S. Commercial Service: http://www.export.gov/Lebanon

U.S. Embassy in Lebanon: http://lebanon.usembassy.gov

Byblos Bank Weekly Report February 2014:

http://www.byblosbank.com/Library/Files/Lebanon/Publications/Economic%20Research/ Lebanon%20This%20Week/Lebanon%20This%20Week 342.pdf

Council for Development and Reconstruction (CDR): http://www.cdr.gov.lb Investment Development Authority of Lebanon (IDAL): http://investinlebanon.gov.lb Ministry of Economy & Trade (MOET): http://www.economy.gov.lb

Al-Iktissad Wal Amal: http://www.iktissadevents.com Arab Ad Magazine: http://www.arabadmag.com

BIEL Center: http://www.bielcenter.com Daily Star: http://www.dailystar.com.lb

Executive Magazine: http://www.executive-magazine.com
Hospitality Services: http://www.hospitalityservices.com.lb
International Fairs and Promotion: http://www.ifpexpo.com
Le Commerce du Levant: http://www.lecommercedulevant.com

Lebanon Opportunities: http://www.opportunities.com.lb

L'Orient Le Jour: http://www.lorientlejour.com

Naharnet: http://www.naharnet.com Promofair: http://www.promofair.com.lb

Return to table of contents

## Return to table of contents

# Chapter 4: Leading Sectors for U.S. Export and Investment

## **Commercial Sectors**

- Apparel (APP)
- Automotive (AUT)
- Drugs/Pharmaceutical (DRG)
- Medical Equipment (MED)
- Electrical Power Systems (EPS)
- Safety/Security Eq (SEC)
- Education Services (EDS)

## **Agricultural Sectors**

• Agriculture Sector

## Apparel (APP)

Overview	Return to top
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	2012	2013	2014	2015
	2012	2013	(estimated)	(estimated)
Total Market Size	606,000	606,000	606,000	606,000
Total Local Production	210,000	210,000	210,000	210,000
Total Exports	77,000	83,000	88,000	92,000
Total Imports	473,000	479,000	484,000	488,000
Imports from the U.S.	9,000	9,000	9,000	9,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports) Data Sources: Lebanese Customs statistics – Section 11 / Chapters 61, 62.

Lebanon has traditionally attracted a large number of Arab tourists and Lebanese expatriates who significantly boost retail activity in the country, resulting in steady growth in the apparel sector. The current political and security uncertainty in Lebanon due to spillover effects from the Syrian crisis has decreased the number of Arab tourists coming to Lebanon. However, the clashes in Syria have pushed big numbers of well-off Syrian families to move to Lebanon seeking safe haven. This has increased the consumption power in several sectors in Lebanon and, consequently, impacted positively the growth of the apparel industry.

U.S. apparel exports to Lebanon reached USD 9 million in 2013, constituting around two percent of total apparel imports to Lebanon. Many U.S. brands, including American Eagle Outfitters, Bebe Stores, Citizens of Humanity Jeans, GAP, Gymboree, Marc Jacobs, Nautica, Nike, Polo Ralph Lauren, Rock and Republic Jeans, Seven Jeans, Tommy Hilfiger, Tory Burch, and True Religion Jeans are very popular in the Lebanese market.

## **Sub-Sector Best Prospects**

Return to top

Demand for casual wear in Lebanon is increasing. Consequently, demand for U.S. apparel is expected to grow, as many Lebanese consider U.S. brands to be the leader in casual wear, according to industry specialists.

Lebanese buyers regularly travel to the Magic Apparel Show in Las Vegas and the Coterie Show in New York to explore the latest trends in the U.S. fashion industry.

Opportunities Return to top

The U.S. Commercial Service provides a wide range of services, including Gold Key Service and International Partnership Search, which help U.S. companies explore opportunities in Lebanon. Moreover, the U.S. Commercial Service organizes events and exhibitions to promote U.S. products and services in Beirut.

Web Resources Return to top

Lebanese Customs Authority: http://www.customs.gov.lb U.S. Commercial Service: http://www.export.gov/lebanon

Contact for the Commercial Section that covers the apparel sector: Naaman Tayyar, Senior Commercial Specialist, Email: Naaman.Tayyar@trade.gov Maya Barhouche, Commercial Assistant, Email: Maya.Barhouche@trade.gov

## **Automotive (AUT)**

Overview Return to top

Unit: USD thousands

	2012	2013	2014	2015
	2012	2013	(estimated)	(estimated)
Total Market Size	1,420,000	1,534,000	1,529,000	1,529,000
Total Local Production	0	0	0	0
Total Exports	39,000	31,000	31,000	31,000
Total Imports	1,459,000	1,565,000	1,560,000	1,560,000
Imports from the U.S.	204,000	234,000	230,000	230,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports) Data Sources: Lebanese Customs statistics – Section 17 / Chapter 87

The automotive sector in Lebanon witnessed a growth of eight percent in 2013, with total imports valued at USD 1.565 billion. U.S. automotive exports to Lebanon increased by 14 percent in 2013 to reach USD 234 million, representing 15 percent of total Lebanese automotive imports. According to local importers, Syrians who moved to Lebanon as a result of the conflict in Syria have increased the purchasing power and boosted the Lebanese automotive industry.

#### **Sub-Sector Best Prospects**

Return to top

Demand for Sport Utility Vehicles (SUVs) in Lebanon has been growing. According to private sector sources, around ten percent of cars imported into Lebanon are SUVs. This percentage is expected to increase due to the ability of SUVs to withstand poor road quality conditions throughout the country. Lebanese buy American SUVs because of their competitive price, high quality, and long record of success in the market. Moreover, demand for U.S. automotive parts such as brakes, clutches, engine lubricants, and safety accessories is increasing because they have demonstrated a quality advantage over foreign competitors

Opportunities Return to top

The U.S. Commercial Service provides a wide range of services, including Gold Key Service and International Partnership Search, which help U.S. companies explore opportunities in Lebanon. Moreover, the U.S. Commercial Service organizes events and exhibitions to promote U.S. products and services in Beirut.

The Lebanese Car Importers Association co-organizes the Motor Show, a bi-annual trade fair for the automotive industry in Lebanon. The Motor Show presents significant opportunities for U.S. companies to introduce their products and services to the Lebanese market. For more information, visit <a href="http://www.promofair.com.lb">http://www.promofair.com.lb</a>.

Web Resources Return to top

Lebanon Motor Show: http://www.promofair.com.lb Lebanese Customs Authority: http://www.customs.gov.lb U.S. Commercial Service: http://www.export.gov/lebanon

Contact for the Commercial Section that covers the automotive sector:

Naaman Tayyar, Senior Commercial Specialist, Email: Naaman.Tayyar@trade.gov

Maya Barhouche, Commercial Assistant, Email: Maya.Barhouche@trade.gov

## **Drugs/Pharmaceuticals (DRG)**

Overview Return to top

Unit: USD thousands

	2012	2013	2014	2015
	2012	2013	(estimated)	(estimated)
Total Market Size	956,000	1,074,000	1,079,000	1,080,000
Total Local Production	18,000	19,000	20,000	21,000
Total Exports	32,000	36,000	36,000	36,000
Total Imports	970,000	1,091,000	1,095,000	1,095,000
Imports from the U.S.	105,000	107,000	108,000	109,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports) Data Sources: Lebanese Customs statistics – Section 6 / Chapter 30

With more than 50 pharmaceutical importers, Lebanon is the leading market of imported pharmaceutical drugs in the Levant. The pharmaceutical market in Lebanon is valued at over USD one billion, with potential growth of more than five percent yearly. Patented drugs constitute around 50 percent of the market, and over-the-counter (OTC) and generic drugs constitute around 25 percent each. Local pharmaceutical production is weak due to the high costs involved. As a result, imports constitute over 95 percent of the total available products in the market.

According to the Lebanese Customs Authority, total pharmaceutical imports into Lebanon exceeded USD one billion in 2013, of which USD 107 million were imported from the United States. Local production covers less than five percent of the market and is mainly focused on manufacturing drugs under license for international companies.

There are many challenges facing the pharmaceutical sector in Lebanon. The high cost of pharmaceuticals is a particular challenge. Moreover, the legal framework governing pharmaceuticals is weak and constitutes a barrier to foreign investments, mainly for the introduction of new drugs. Registration of copycat and counterfeit pharmaceuticals remains problematic.

#### **Sub-Sector Best Prospects**

Return to top

U.S. pharmaceutical products have an advantage over European and Asian products in the biotechnology, high-tech, anti-cancer, and cardiovascular fields. Moreover, new leading American drugs that are not yet manufactured in Europe are typically well received in Lebanon.

Opportunities Return to top

There are no specific opportunities or trade events in Lebanon geared to promote U.S. pharmaceutical products. The U.S. Commercial Service provides a wide range of

services, including Gold Key Service and International Partnership Search, which help U.S. companies explore opportunities in Lebanon. Moreover, the U.S. Commercial Service organizes activities to promote U.S. products and services in Lebanon.

Web Resources Return to top

Ministry of Public Health: http://www.moph.gov.lb Lebanese Customs Authority: http://www.customs.gov.lb U.S. Commercial Service: http://www.export.gov/lebanon

Contact for the Commercial Section that covers the drug/pharmaceutical sector: Naaman Tayyar, Senior Commercial Specialist, Email: Naaman.Tayyar@trade.gov Maya Barhouche, Commercial Assistant, Email: Maya.Barhouche@trade.gov

## **Medical Equipment (MED)**

## Overview Return to top

	2012	2013	2014	2015
	2012	2013	(estimated)	(estimated)
Total Market Size	271,000	285,000	287,000	289,000
Total Local Production	1,000	1,000	1,000	1,000
Total Exports	8,000	9,000	9,000	9,000
Total Imports	278,000	293,000	295,000	297,000
Imports from the U.S.	75,000	75,000	75,000	75,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports) Data Sources: Lebanese Customs statistics – Section 18 / Chapter 90.

According to the Lebanese Customs Authority, Lebanon's imports of medical equipment reached USD 293 million in 2013, out of which USD 75 million were imported from the United States. U.S. medical exports to Lebanon increased by five percent in 2013 compared to 2012, and U.S. market share exceeded 25 percent. According to local experts, medical imports into Lebanon during the coming two years are expected to witness the same growth that occurred in 2013, in part due to the influx of Syrians fleeing to Lebanon, many of whom have required medical assistance.

#### **Sub-Sector Best Prospects**

Return to top

According to local experts, U.S. medical products are characterized by their high quality and competitive value due to the weakness of the dollar in relation to the euro.

## Opportunities Return to top

Lebanon is an ideal location for establishing a regional office to cover the Levant, including Iraq, since the Lebanese market has traditionally been used as a platform for testing U.S. products prior to introducing them to the rest of the Levant market.

The U.S. Commercial Service provides a wide range of services including Gold Key service and International Partnership Search which help U.S. companies explore opportunities in Lebanon. Moreover, the U.S. Commercial Service organizes events and exhibitions to promote U.S. products and services in Lebanon.

Web Resources Return to top

Ministry of Public Health: http://www.moph.gov.lb Lebanese Customs Authority: http://www.customs.gov.lb U.S. Commercial Service: http://www.export.gov/lebanon

Contact for the Commercial Section that covers the medical equipment sector:

Naaman Tayyar, Senior Commercial Specialist, Email: Naaman.Tayyar@trade.gov Maya Barhouche, Commercial Assistant, Email: Maya.Barhouche@trade.gov

## Safety/ Security Eq (SEC)

Overview Return to top

Unit: USD thousands

	2012	2013	2014	2015
	2012	2013	(estimated)	(estimated)
Total Market Size	290,000	301,000	301,000	301,000
Total Local Production	0	0	0	0
Total Exports	8,000	15,000	15,000	15,000
Total Imports	298,000	316,000	316,000	316,000
Imports from the U.S.	75,000	76,000	76,000	76,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports) Data Sources: Lebanese Customs statistics – Chapters 90, 93.

Due to ongoing political and security uncertainty, Lebanon's demand for internal security remains high and is expected to grow steadily in the coming years. The safety and security market in Lebanon is dominated by government agencies which are represented by the Ministry of Interior, Ministry of Defense, Lebanese Armed Forces, Internal Security Forces, Directorate of General Security, Civil Defense Directorate, Lebanese Customs Authority, Beirut International Airport, Central Bank of Lebanon, Beirut Port and Civil Aviation Authority.

To do business in the safety & security market in Lebanon, American companies are advised to find a local representative especially if working with the government agencies. They also need to determine through appropriate U.S. government agencies whether their products need an export license before shipping. Export licenses are issued either by the State Department or the Bureau of Industry and Security at the Department of Commerce depending on the product and end use of the product. For further information, please consult the U.S. Department of Homeland Security's Bureau of Industrial Security at <a href="https://www.bis.doc.gov">https://www.bis.doc.gov</a>.

## **Sub-Sector Best Prospects**

Return to top

According to industry sources, there is high demand in the local market for CCTV and surveillance systems, access control and alarm signaling equipment, metal detectors, x-ray and handheld scanners, firefighting and fire protection systems, safety and property security systems, bank fraud and electronic security.

Opportunities Return to top

The Ministry of Interior, which includes the Internal Security Forces and Directorate of General Security is expected to launch a tender in the near future for an international bid for the production of biometric passports.

Demand for safety and security equipment and services within the private sector is also high. Private sector entities include shopping malls, hotels, banks, universities and private security companies.

Although Lebanon is a price sensitive market, quality is an important factor, particularly in safety and security equipment. The increasing demand for high-quality security equipment and services gives a big advantage to American companies, which enjoy an excellent reputation in Lebanon due to their high reliability.

Web Resources Return to top

Lebanese Customs Authority: http://www.customs.gov.lb U.S. Commercial Service: http://www.export.gov/lebanon

Contact for the Commercial Section that covers the safety and security sector: Naaman Tayyar, Senior Commercial Specialist, Email: Naaman.Tayyar@trade.gov Maya Barhouche, Commercial Assistant, Email: Maya.Barhouche@trade.gov

## (Insert Title of Leading Commercial Sector #6)

Overview Return to top

Unit: USD thousands

	2012	2013	2014	2015
	2012	2013	(estimated)	(estimated)
Total Market Size	3,521	4,255	NA	NA
Total Local Production	0	0	NA	NA
Total Exports	638	672	NA	NA
Total Imports	4,159	4,927	NA	NA
Imports from the U.S.	198	309	NA	NA
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Total Market Size = (Total Local Production + Total Imports) – (Total Exports) Data Sources: Lebanese Customs statistics – Chapters 84-87, 90-92, 94, 96.

The energy sector in Lebanon is in very poor condition, costing the Lebanese Treasury around USD two billion in losses and subsidies each year. Major challenges facing this sector include ageing and inadequate infrastructure, political paralysis, limited government resources for new investment, illegal connections to the grid, meter tampering, and unpaid electricity bills.

Lebanon produces approximately 1,500 MW of electricity, while actual demand exceeds 2,500 MW at peak times. The Ministry of Energy's June 2010 policy paper for the electricity sector calls for a total installed capacity of 4,000 MW by 2014, however, the ministry is not on track to meet these targets. Lebanon benefits from the electricity interconnection linking Jordan, Syria, Iraq, Egypt, Lebanon and Turkey. This tie-line has been used in recent years to import about 100 MW from Egypt during off-peak time.

#### **Sub-Sector Best Prospects**

Return to top

According to private sector sources, there is good demand in the local market for renewable energy mainly solar energy. U.S. technology is highly perceived in Lebanon due to its high quality and competitive value due to the weakness of the dollar in relation to the euro.

Opportunities Return to top

On September 22, 2011, the Lebanese parliament passed a USD 1.2 billion bill to produce an additional 700 MW to meet increasing power demand in Lebanon. The bill also called for the construction of liquefied natural gas (LNG) power plants and the upgrading of existing electricity stations. It will also upgrade the country's transmission and distribution infrastructure to cope with the capacity additions and to minimize technical losses. In July 2012, Lebanon signed a USD 360 million three-year contract to lease two electricity-generating barges from a Turkish firm to generate 270 megawatts of electricity. The government will also award soon a contract to supply two reciprocating

engines to increase production by 270 MW. Moreover, the Ministry launched a 450 MW power project at Beddawi power plant, north of Lebanon.

Although Lebanon does not currently have renewable plants such as wind, geothermal, biomass or solar, the Lebanese government is encouraging renewable energy resources and has set a strategic target of 12 percent renewable energy production by 2020, and hopes to shift power plants from running on expensive fuel oil and diesel oil to natural gas, which is cheaper and more environmentally friendly.

Web Resources Return to top

Lebanese Customs Authority: http://www.customs.gov.lb

Ministry of Energy and Water: http://www.energyandwater.gov.lb

U.S. Commercial Service: http://www.export.gov/lebanon

Contact for the Commercial Section that covers the electrical power systems sector: Naaman Tayyar, Senior Commercial Specialist, Email: Naaman.Tayyar@trade.gov Maya Barhouche, Commercial Assistant, Email: Maya.Barhouche@trade.gov

## **Education Services (EDS)**

Overview Return to top

	2011/2012	2012/2013
Total Market Size	192,522	191,788
Total Lebanese Students enrolled in universities	160,289	168,610
Total Foreign Students enrolled in universities	26,233	23,178
Lebanese Students in the U.S.	1,350	1266

(Figures are estimates in numbers of students and based on Institute of International Education (IIE) and the Lebanese Ministry of Higher Education statistics)

Lebanon has one of the best educational systems in the Middle East. There are currently 192,788 students enrolled in public and private universities throughout Lebanon. In addition, and over 1,200 Lebanese students are currently studying in the United States.

#### **Sub-Sector Best Prospects**

Return to top

The number of Lebanese students in the United States decreased by 7.7 percent during the 2012/2013 school year compared to 2011/2012 due to improvements in the advanced Lebanese educational system and the increasing cost of education in the United States.

U.S. educational franchises are doing well in Lebanon. The U.S. franchise New Horizon, which provides computer training, captures over 40 percent of the Lebanese market. The U.S. franchise Berlitz, which provides language training, has approximately 25 percent of the market.

Opportunities Return to top

Amideast has been serving as a vital link between Lebanese and Americans since it opened its office in Beirut in 1968. With the support from the U.S. Government, Amideast promotes American education and supports all Lebanese in their pursuit of higher education and professional growth in the United States. It counsels over 20,000 students each year from all regions throughout Lebanon.

The U.S. Commercial Service provides a wide range of services, including the Gold Key Service and the International Partnership Search, which help U.S. companies explore opportunities in Lebanon. Moreover, the U.S. Commercial Service organizes events and exhibitions to promote U.S. products and services in Lebanon.

Web Resources Return to top

AMIDEAST: http://www.amideast.org/Lebanon

Institute of International Education (IIE): http://www.iie.org/en

Ministry of Education and Higher Education: http://www.higher-edu.gov.lb

Contact for the Commercial Section that covers the education services sector: Maya Barhouche, Commercial Assistant, Email: Maya.Barhouche@trade.gov Naaman Tayyar, Senior Commercial Specialist, Email: Naaman.Tayyar@trade.gov

## **Agricultural Sectors**

Return to top

According to Lebanese customs statistics (chapters 1-24), Lebanon's total agricultural imports reached USD 3.424 billion in 2013. Of that total, USD 127 million, or 4.3 percent of the total, were from the United States. Major U.S. agricultural exports to Lebanon include edible fruits and nuts (USD 27 million), residues from the food industries (USD 22 million), miscellaneous edible preparations (USD 20 million), cereals (USD 13 million), animal or vegetable fats and oils (USD seven million), dairy products (USD six million), meat (USD three million), beverages, spirits, and vinegar (USD two million).

Web Resources Return to top

Lebanese Customs Authority: http://www.customs.gov.lb

Contact for the Commercial Section that covers the agriculture sector: Naaman Tayyar, Senior Commercial Specialist, Email: Naaman.Tayyar@trade.gov Maya Barhouche, Commercial Assistant, Email: Maya.Barhouche@trade.gov

Return to table of contents

## Chapter 5: Trade Regulations, Customs and Standards

- Import Tariffs
- Trade Barriers
- Import Requirements and Documentation
- U.S. Export Controls
- Temporary Entry
- Labeling and Marking Requirements
- Prohibited and Restricted Imports
- Customs Regulations and Contact Information
- Standards
- Trade Agreements
- Web Resources

Import Tariffs Return to top

More than 83 percent of imported goods are subject to duties equal to or below five percent. The Lebanese customs website (http://www.customs.gov.lb) provides a searchable database that displays import duties by tariff number. European goods can benefit from up to a 72 percent discount on customs fees in accordance with the EC and EF agreements, and goods from several Arab countries are exempted from customs fees in accordance with the Greater Arab Free Trade Area (GAFTA) Agreement.

Trade Barriers Return to top

Trade barriers affect less than one percent of imports and exports of goods and can be imposed by ten different Lebanese government state bodies. Such measures include prohibitions and requirements for licenses, technical certificates, veterinary certificates, and phyto-sanitary certificates. All goods subject to import and export prohibitions could be also prohibited from transiting Lebanon. A limited number of goods (e.g., weapons) are subject to more than one trade measure. To find out whether a specific product is subject to non-tariff barriers, consult the Lebanese customs website at <a href="http://www.customs.gov.lb">http://www.customs.gov.lb</a> or Lebanon's Non-Tariff Measure Survey published on the World Trade Organization (WTO) trade section of the Ministry of Economy and Trade's website at <a href="http://www.economy.gov.lb/public/uploads/files/6663\_7005\_5324.pdf">http://www.economy.gov.lb/public/uploads/files/6663\_7005\_5324.pdf</a>.

#### **Import Requirements and Documentation**

Return to top

#### Import processing requires the following documents:

- Declaration form based on the Single Administrative Document (SAD)
- Bill of lading
- Packing list
- Commercial invoice (original)
- Delivery order (to prove ownership of goods)

- Quietus from the Social Security Office (must not be expired at the day of registration of SAD), required only for commercial and trade establishments
- Contract of sale between importer and seller in the country of exportation or a letter of credit from the bank stating that the invoice value is paid or will be paid in a specified time limit (may be requested for value verification only in case customs officers doubt the invoice value)
- Certificate of origin, issued by the authorized party of the country of exportation if the invoice does not mention the origin of the goods, or in case the importer wishes to benefit from preferential treatment if the exporter is not approved by the customs authorities of the exporting country
- Depending on the type of imported good, a number of other documents may also be required, including import licenses, certificates of conformity to mandatory standards, or phyto-sanitary certificates

## **Export processing requires the following documents:**

- Declaration form based on the Single Administrative Document (SAD)
- Packing list
- Commercial invoice (original)
- Export order
- Quietus from the Social Security Office (must not be expired at the day of registration of SAD), required only for commercial and trade establishments
- Certificate of origin issued by the Ministry of Industry and certified by the Lebanese Customs Authorities for exporting goods to Europe in accordance with protocol number 4 with the EU
- Depending on the type of exported good, a number of other documents may also be required including export licenses, certificates of conformity and export certificates for quality verification for all food products of plant origin, and agricultural health certificates

#### **U.S. Export Controls**

Return to top

Lebanon is not subject to special sanctions. In principle, all exports require a license, though in practice the vast majority of U.S. exports fall under a "general license" that allows export without obtaining permission from the Bureau of Industry and Security (BIS) in the U.S. Department of Commerce (http://www.bis.doc.gov). When doing business with Lebanon, U.S. exporters should consider the below U.S. export regulations:

For a number of items, specific export licenses are required. These items include products whose high-tech nature implies that export may involve a national security risk. Contacting BIS will enable an exporter to determine whether or not a specific item requires a license. If a specific license is required, one of the considerations will be the reliability of the end-user. Government agencies and companies with a solid business reputation are more likely to be granted a license.

U.S. companies need to verify whether the U.S. government has blacklisted a particular Lebanese company or individual as a result of past violations of export regulations or for other reasons. U.S. companies should consult the BIS Denied Persons List and the Treasury Department Office of Foreign Assets Control's Specially Designated Nationals

List, which are available online at http://www.bis.doc.gov/dpl/default.shtm and http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx.

## **Temporary Entry**

Return to top

There are two types of permits for the entry of temporary goods into Lebanon.

Customs grants a regular temporary entry permit to foreign products that will be manufactured or under processing in Lebanon and then re-exported outside Lebanon or displayed in free zones. This permit is valid for six months and renewable provided that such period shall not be for more than two years.

The Director General of customs may grant a special temporary entry permit for a range of products intended for temporary use. However, the period of the permit is limited to three months. Goods subject to the special permit, referring to Article 278 of the Lebanese Customs Law, might include the following:

- Equipment and machinery used in public works, archeology, cinema, and journalism.
- Items intended or used for maintenance and repair.
- Items temporarily imported for display or use in public or private exhibitions, seasonal fairs, forums, theaters, artistic shows, and playgrounds.
- Jewelry and ornaments intended for display in public exhibitions. Empty containers or packages to be filled in Lebanon and re-exported or full containers or packages to be emptied in Lebanon and then re-exported.

The items should be re-exported or stored in the free zone or a public warehouse at the end of the authorized period of temporary entry status.

The products mentioned above may be temporarily imported by using "Admission Temporaire/Temporary Admission" (ATA) books rather than the regular entry declarations. The period of import is set at six months.

In addition, foreigners and Lebanese citizens whose place of residence is outside Lebanon can benefit from temporary entry for their personal effects and cars in accordance with Articles 282 and 283 of the Lebanese Customs Law.

#### **Labeling and Marking Requirements**

Return to top

Labels should include the net weight of the product, manufacture, production and expiry date, ingredients, and the country of origin. Labels should be printed on imported goods in Arabic, English, or French. Products with Hebrew labels are not accepted. For more information, please contact the Ministry of Economy and Trade at <a href="http://www.economy.gov.lb">http://www.economy.gov.lb</a>.

## **Prohibited and Restricted Imports**

Return to top

Prohibited imports that are strictly prohibited by laws, regulations, and decisions of relevant authorities or by virtue of the International Agreements in which Lebanon is a party or a member include the following:

- Cedar seeds and seedlings (to protect Lebanese cedar species)
- Chemical improvers used in bread making (health measure)
- Table salt not containing iodine (health measure)
- Waste/slag/ash/scrap of many chemical, mineral, and metal products (environmental measure)
- Clinker and black cement (protection of local industry)
- Passenger vehicles older than eight years and transport vehicles older than five years (environmental measure)
- Used medical and radiological apparatuses (health measure)
- Gas-fueled pocket lighters (safety measure)
- Wireless phone sets that function on the 900 Megahertz bandwidth
- Goods bearing false marks and labels indicating their origin
- Goods manufactured in or originating from Israel

Monopolized and restricted goods must be treated similarly to prohibited goods upon import and export; therefore, such goods will be seized whenever a license, permit or any other legal document are not attached or whenever irrelevant documents are attached.

## **Customs Regulations and Contact Information**

Return to top

Lebanon follows the harmonized system for its tariff regime. Lebanon's modern customs law simplifies and expedites customs procedures, adopts international standards for the valuation of goods, applies modern and fair dispute settlement procedures, allows for electronic declaration of goods, and fosters the development of industrial and free zones. This law has reduced delays and administrative burdens in clearing imported products through customs at the airport and ports, but exporters are advised to contact local customs agents to expedite the clearing process. Customs has been very active in introducing online operations for its automated clearance system, thereby allowing traders and custom brokers to enter and track customs declarations online. When fully implemented, users will be able to register online, as well as assess and pay declarations directly from their bank accounts.

For further information on customs procedures, please refer to the Lebanese customs website at http://www.customs.gov.lb.

#### **Kev contacts:**

## **General Directorate of Customs**

Beirut, Lebanon Tel: 961-1-980060/1/2/3

Fax: 961-1-983256

#### **Higher Council for Customs**

Beirut, Lebanon Tel: 961-1-988500/1 Fax: 961-1-988080 Standards Return to top

- Overview
- Standards Organizations
- Conformity Assessment
- Product Certification
- Accreditation
- Publication of Technical Regulations
- Labeling and Marking
- Contacts

Overview Return to top

The Lebanese Standards Institution, known as LIBNOR, is the sole authority in Lebanon charged with issuing, publishing, and amending Lebanese standards. A number of state bodies (including the Ministries of Telecommunications, Energy and Water, Industry, Public Health, Environment, Agriculture, Economy and Trade, and Public Works and Transport) issue technical regulations related to products in the form of ministerial decisions and decrees issued by the cabinet.

## **Standards Organizations**

Return to top

LIBNOR has signed the WTO/TBT code of good practice for the preparation, adoption and application of standards, and is taking an active role in international standardization activities. Programs for drafting standards are set annually. LIBNOR's Board of Directors approves the annual plans, submitted by LIBNOR's Director General, for preparing new standards or amending existing ones. The annual program for drafting standards is also available through LIBNOR's website (http://www.libnor.org), and is updated annually.

LIBNOR is a member of ISO and AIDMO, an affiliate member of CEN and is the codex Alimentarius contact point in Lebanon.

#### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <a href="http://www.nist.gov/notifyus/">http://www.nist.gov/notifyus/</a>.

#### **Conformity Assessment**

Return to top

The following six laboratories are the main national testing bodies in Lebanon:

• The laboratories of the Industrial Research Institute (IRI), affiliated with the Ministry of Industry, test for all types of products.

- The central laboratory at the Ministry of Public Health (for food products).
- The laboratory of the Agricultural Research Institute at the Ministry of Agriculture (for food products).
- The American University of Beirut laboratory of chemistry and pharmacology.
- The French Medical Institute laboratory of chemistry and pharmacology at Saint Joseph University.
- The nuclear medicine laboratory at Notre Dame du Liban Hospital.
- The National Council for Scientific Research laboratory under the Lebanese Atomic Energy Commission.
- The Quality Control Center laboratory at the Chamber of Commerce, Industry, and Agriculture of Tripoli and North Lebanon.
- The Food Quality Center laboratory at the Chamber of Commerce, Industry, and Agriculture of Zahle and the Bekaa.

#### **Product Certification**

Return to top

LIBNOR is the sole authority to give the right to use the Lebanese Conformity Mark (NL Mark). This mark proves the compliance of products to Lebanese Standards and is based on a scheme combining quality management system and product standards. The Industrial Research Institute provides certificates conformity with standards and purchase requirements. Certificates of conformity or quality issued by foreign companies, such as SGS and Veritas, are also honored in Lebanon.

In addition, several ministries issue certificates of conformity. The Ministry of Agriculture has the authority to issue certificates of conformity for exported agricultural products. The Ministry of Economy and Trade issues conformity and export certificates at the request of the exporter. The Ministry of Public Health issues health certificates at the request of the exporter. There are no mutual responsibility agreements with U.S. organizations.

Accreditation Return to top

Conseil Libanais D'Accreditation (COLIBAC), which is attached to the Ministry of Industry, is the only accreditation body in Lebanon. COLIBAC is not yet functional, and some of the Lebanese laboratories are accredited by foreign accreditation bodies. The IRI chemical and micro-biological laboratories are accredited.

## **Publication of Technical Regulations**

Return to top

Lebanese Standards are voluntary, but when approving Lebanese Standards, and based on the recommendation of the relevant technical committee, LIBNOR Board of Directors may ask for the mandatory application of a standard if it affects public health or safety. In this case, a decree from the Council of Ministers (i.e. the Cabinet) is published based on the request of the Ministry of Industry. Because Lebanon is not yet a WTO member, there is no formal procedure for notification. U.S. entities can comment on technical regulations via e-mail to LIBNOR. LIBNOR has also established a WTO/TBT inquiry point which opened in 2012

## **Labeling and Marking**

Return to top

Labels on containers and packages require the display of the size, weight or quantity of the goods contained therein, manufacture, production and expiry date, ingredients, and the country of origin. The consumer protection division at the Ministry of Economy and Trade currently enforces this law. Failure to comply with the requirements subjects the violator to penalties.

Contacts Return to top

LIBNOR is the national inquiry point in Lebanon on standards and technical regulations resulting from conversion of standards.

#### LIBNOR

Maatouk Bldg City Rama Street, Sin El-Fil PO Box 55120 Beirut, Lebanon

Tel: 961-1-485 927/8 Fax: 961-1-485 929 E-mail: info@libnor.org

Website: http://www.libnor.org

The standards point of contact at the U.S. Embassy in Beirut can be reached at <a href="http://www.export.gov/lebanon">http://www.export.gov/lebanon</a>.

#### **Trade Agreements**

Return to top

Lebanon is traditionally a country with a free and open trade regime. Efforts towards trade liberalization have been focused on the European Union (EU), the World Trade Organization (WTO), and the Arab world.

Lebanon has neither a free trade arrangement nor a bilateral investment treaty with the United States, although on December 1, 2006, the two countries signed a Trade and Investment Framework Agreement (TIFA). The TIFA helps both countries promote an attractive investment climate, expands trade relations, and removes impediments to trade and investment.

Lebanon has sought to accede to the WTO. Having gained observer status in 1999, Lebanon held its seventh working party meeting in October 2009. Accession has been stalled for several years, however, due to a lack of engagement from the Lebanese government.

Lebanon's Euro-Mediterranean Partnership agreement came into force in April 2006. The agreement provides for reciprocal free trade on the majority of industrial goods. It also liberalizes trade on a large basket of agricultural and processed agricultural goods. The Euro-Med Partnership aims at establishing a free trade area for the Mediterranean region; efforts to achieve this goal are ongoing.

In 2004, Lebanon and the European Free Trade Association (EFTA) signed a free trade agreement (FTA). In November 2010, Lebanon and Turkey signed an association agreement establishing a free trade area that will reduce barriers to the free movement of goods, services, capital, and people between the two countries over the next ten years. Lebanon has also signed the Greater Arab Free Trade Area Agreement (GAFTA), which gradually replaced the bilateral FTAs signed with Arab countries including Tunisia, Morocco, Egypt, Iraq, Jordan, Syria, and the Gulf Cooperation Council states. A regional Economic and Trade Association Council between Lebanon, Syria, Jordan, and Turkey was announced in July 2010.

Lebanon has signed bilateral investment agreements with the following countries (in alphabetical order): Armenia, Austria, Azerbaijan, Bahrain, Belarus, Belgium/Luxemburg, Benin, Bulgaria, Canada, Chad, Chile, China, Cuba, Cyprus, Czech Republic, Egypt, Finland, France, Gabon, Germany, Greece, Guinea, Hungary, Iceland, Iran, Italy, Jordan, Korea (South), Kuwait, Malaysia, Mauritania, Morocco, Netherlands, OPEC Fund, Pakistan, Qatar, Romania, Russia, Slovak Republic, Spain, Sudan, Sultanate of Oman, Sweden, Switzerland, Syria, Tunisia, Turkey, United Arab Emirates, Ukraine, United Kingdom, and Yemen.

Lebanon has signed bilateral tax conventions with 32 countries, but the United States is not among them.

More information about trade agreements can be found at the Ministry of Economy and Trade's website at:

http://www.finance.gov.lb/en-US/finance/InvestmentTaxAgreements/Pages/default.aspx.

Web Resources Return to top

Lebanese Customs Authority: http://www.customs.gov.lb

LIBNOR: http://www.libnor.org

Ministry of Economy and Trade: http://www.economy.gov.lb

Ministry of Industry: http://www.industry.gov.lb

Bureau of Industrial Security (BIS): http://www.bis.doc.gov

Return to table of contents

# **Chapter 6: Investment Climate**

- Openness to Foreign Investment
- Conversion and Transfer Policies
- Expropriation and Compensation
- Dispute Settlement
- Performance Requirements and Incentives
- Right to Private Ownership and Establishment
- Protection of Property Rights
- Transparency of Regulatory System
- Efficient Capital Markets and Portfolio Investment
- Competition from State Owned Enterprises
- Corporate Social Responsibility
- Political Violence
- Corruption
- Bilateral Investment Agreements
- OPIC and Other Investment Insurance Programs
- Labor
- Foreign-Trade Zones/Free Ports
- Foreign Direct Investment Statistics
- Web Resources

#### **Openness to Foreign Investment**

Return to top

Lebanon is a country that traditionally has remained open to foreign direct investment. Over the last ten years, the Government of Lebanon (GoL) has passed several laws and decrees to encourage such investment. The Investment Development Authority of Lebanon (IDAL) possesses the authority to award licenses and permits for new investment in specific sectors. IDAL also has the authority to grant special incentives, exemptions, and facilities to large projects, whether implemented by local or foreign investors. IDAL has further expanded its support to encourage agricultural exports through a new program, Agri-Plus, providing financial incentives and different promotional and marketing activities to qualified exporters. IDAL is currently working to promote investment opportunities in Business Process Outsourcing, specifically in the outsourcing of IT services. Furthermore, IDAL facilitates the creation of strategic international and local partnerships through joint ventures, equity participation, acquisition, and other mechanisms. It provides legal and administrative advice as well as sectoral studies to support potential investors. IDAL processed three projects in 2013 deemed eligible to benefit from incentives based on the Investment Law No. 360. Updated information on IDAL and its incentives can be found on their http://www.investinlebanon.gov.lb.

Lebanon's economy performed sluggishly in 2013 for the third consecutive year but remained resilient, despite the country's political stalemate, deteriorating security conditions, and impacts of the conflict in Syria on Lebanon. The economy avoided a

contraction in real terms and maintained monetary and financial stability. The economic slowdown is attributed to spillover from the Syrian crisis into the domestic political and security environment, which discouraged investment and tourism and affected Lebanese exports via land routes. Some mitigating factors, such as an influx of returning Lebanese expatriates and increased spending by Syrians in Lebanon, helped to partially alleviate these negative trends. According to the most recent estimates made following the International Monetary Fund's (IMF) Article IV consultation in April 23 - May 7 2014, Lebanon's real GDP growth was estimated at 2.5 percent for 2012 - revised upward from an earlier estimate of 1.5 percent in line with Lebanon's official Central Administration of Statistics (CSA) data. The IMF also revised upwards its Economic Outlook growth estimates for 2013 and 2014 to 1.5 percent and around two percent, respectively, compared to earlier growth projections of one percent for 2013 and 2014. It also maintained the average inflation rate stable at 3.2 percent in 2013 and 2014. The economy witnessed a slight improvement in the first quarter of 2014 following cabinet formation, but growth continues to be driven mostly by household consumption, as investors adopt a wait-and-see attitude, delaying major investment decisions. The presence of an estimated 1.5 million Syrians seeking refuge in Lebanon has boosted domestic consumption of goods and services. Although financial inflows increased in 2013, they were not enough to offset the country's rising trade deficit. However, Lebanon's balance of payments (BoP) deficit was smaller in 2013, at USD 1.1 billion compared to USD 1.5 billion in 2012 and USD two billion in 2011. In the first four months of 2014, the BoP recorded a cumulative surplus of USD 256 million, compared to a deficit of USD 19 million in the corresponding period of 2013.

Some issues continue to cause frustration among local and foreign businesses. Impediments include red tape and corruption, arbitrary licensing decisions, complex customs procedures, archaic legislation, an ineffectual judicial system, high taxes and fees, flexible interpretation of laws, and weak enforcement of intellectual property rights. The World Bank/International Finance Corporation (IFC) in its 2014 Doing Business report ranked Lebanon 111 out of 189 countries worldwide and nine out of 18 MENA countries in terms of ease of doing business. Lebanon improved in two out of the 10 indicators considered: resolving insolvency (up by 38 spots) and protecting investors (up by two spots). Lebanon's scores fell in the categories of starting a business, dealing with construction permits, getting electricity, registering property, getting credit, paying taxes, trading across borders, and enforcing contracts.

The government continues to express a strong commitment to improving the business environment as well as encouraging domestic and foreign investment and public-private partnerships, but some efforts have slowed. The Ministry of Economy and Trade's (MoET) amendments to the Code of Commerce to further streamline business and intellectual property legislation are still pending parliamentary approval. The MoET has revitalized efforts to support micro- and medium-sized enterprises and start-up firms. It also introduced e-registration for copyright and trademarks. A revised Public-Private Partnership (PPP) Law is being discussed in the Budget and Finance parliamentary committee, but official sources believe it could take several months to pass, after parliamentary elections scheduled for November 2014. In anticipation of the passage of the PPP Bill, the Higher Council for Privatization issued in February 2014 guidelines for PPP posted on its website: http://www.hcp.gov.lb. Ratification of the PPP legislation could open new opportunities for local and international private sector investment in Lebanon. In 2013, 55 foreign companies, including three U.S. companies, opened offices or branches in Lebanon.

Lebanon received mixed results in the World Bank's 2012 World Governance Indicators. The results showed minor improvements but still reflected a weak level of governance in Lebanon. Regarding individual indicators used in the survey, Lebanon's ranking improved in terms of voice and accountability, political stability, and control of corruption, and regressed in terms of government effectiveness, regulatory quality, and rule of law. Meanwhile, the World Economic Forum's 2013-2014 Global Competitiveness Index ranked Lebanon 103 out of 148 countries worldwide in terms of the level and quality of institutions, policies, and factors that determine the productivity of a country. According to the report, Lebanon continues to rank poorly in terms of infrastructure, macroeconomic stability, the supporting institutional environment, and innovation.

The government's priority is to maintain stability, given regional turmoil. However, it recorded progress on some sectoral fronts in 2013: continued work to upgrade and expand telecommunications services; the Ministry of Energy and Water (MoEW) contracted tenders to increase electricity production by 700 megawatts (MW), and also contracted two barges to provide 270 MW of additional power; and the Petroleum Authority (PA) Board launched the first offshore licensing round for oil exploration on April 30, 2013. These projects offer opportunities for U.S. technology and investors.

Lebanon is consistently rated near the bottom of the world in terms of internet download speeds, but speed has improved in recent years, including in 2013. connection to the submarine IMEWE (India-Middle East-Western Europe) ultra-high capacity fiber optic submarine cable, and its recent purchase of 25 percent of Cyprus' Alexandros cable have gradually resulted in higher internet speeds across the country. Lebanon and Cyprus signed an MoU for the construction of the EUROPA high-capacity submarine cable to link both countries, which is expected to be ready by 2015. The Ministry of Telecommunications (MoT) commissioned international consultancy firm Booz & Co. to "validate, complement and extend" its study on restructuring the IT sector. The plan includes amendments to Law 431 (on the privatization of telecommunications, endorsed in 2002), taking into consideration new developments in the information technology (IT) sector such as mobile virtual network operators, liberalization of services, content providers, and other issues. The ministry's new plan for the sector appears to represent a retreat, however, from the scope of earlier privatization commitments it made under previous governments. It keeps ownership of underlying infrastructure and control over telecommunications revenues firmly in the ministry's hands. The plan awaits cabinet approval before it can be implemented, while the amendments to Law 431 will require parliamentary ratification.

Meanwhile, the MoT continued its expansion plan for mobile networks. The MoT is implementing projects to improve landline and mobile network infrastructure, to enhance coverage and quality of service, and to expand internet bandwidth. The MoT's broadband expansion connecting local telephone centers with fiber optic networks should be completed in 2014. In the mobile sector, the MoT launched 3G services in October 2011 available across the country. Limited 4G data services were launched in May 2013 and will gradually expand in scope and geographical coverage. International cell phones and Blackberries don't necessarily work in Lebanon without a local SIM card. Lebanon is also outside some major telecom companies' global data plans (e.g. T-Mobile). In September 2012, Beirut Digital District, a pilot project for a state-of-the art business incubator and accelerator, was launched, while the MoT hopes to set up additional hubs outside the capital. Meanwhile, the GoL continues to contract the

management of the two government-owned cellular companies to private operators, whose management contract was extended in March 2014 for three months, and the GoL is expected to launch a new tender when this latest extension expires. The Telecommunications Regulatory Authority (TRA) Board's term in office expired in February 2012 and the cabinet has not appointed a new board since that time. According to Law 431, the TRA Board cannot be renewed; however, the acting TRA Chairman remained in place and the TRA continues to operate under the oversight and approval of the Minster of Telecommunications.

As for the power sector, in 2012, the MoEW contracted three projects to increase power production by an additional 700 megawatts (MW) for a total cost of USD 850 million, based on Law 181 from September 2011. Work started in 2013 on two new power plants (by the same contractor) using reciprocating engines for Jieh (south of Beirut) and Zouk (north of Beirut), together providing a total of around 280 MW. The MoEW also contracted the construction of a 550 MW power plant in Deir Ammar (north Lebanon) in the first quarter of 2013, and site mobilization started in March 2014. When ultimately completed, these projects will add about 800 MW in new capacity. These projects are part of the MoEW policy paper for the power sector endorsed by the cabinet in June 2010, which aims to reach gradually 4000 MW of generation capacity by 2014; however, delays in project implementation, in part due to payment issues, will thwart efforts to reach the target date.

Lebanon is open for offshore oil exploration. On April 18, 2013, the MoEW prequalified 46 international oil companies (IOCs), including four U.S. firms, (out of 52 participants from 25 countries), to participate in Lebanon's first offshore licensing round on April 30. 2013, but has had to postpone the bid deadline four times since November 2013; the latest deadline is August 14, 2014, assuming that the cabinet endorses two decrees one a model Production Sharing Agreement and the other the delineation of the ten offshore blocks - required for the licensing round to proceed. The cabinet's approval was still pending as of mid-June 2014. If the cabinet approves the two decrees in June 2014, then the contract award could occur by the end of 2014 or first quarter of 2015. and drilling could start at the end of 2015 or the beginning of 2016. Moreover, in January 2014, the MoEW signed a contract with U.S. company Neos Geosystems to perform an airborne onshore survey of the subsurface of the northern part of Lebanon, to help better understand hydrocarbon prospects onshore. Meanwhile, the Petroleum Administration (PA) has completed a draft onshore exploration law as well as a draft petroleum tax law, although both bills need to be approved by the Cabinet and then by Parliament. Information and documents are available on the PA website: http://www.lpa.gov.lb.

The maritime dispute with Israel over the extent of each nation's claims on the area of the Exclusive Economic Zone (EEZ) creates additional uncertainty for IOCs that might otherwise be interested in prospects for exploration activities in the blocks that include the disputed waters. In addition, Lebanon's regulatory framework and capacity in the hydrocarbons sector is still being developed and is largely untested when it comes to dealings with international companies.

The MoEW is keen to attract private sector participation in water and wastewater projects.

In March 2012, the cabinet approved the national water sector strategy that included construction of dams, hill lakes, transmission and distribution networks, storage tanks

and consumer meters. In October 2012, the cabinet passed the national strategy for the wastewater sector. If implemented, both plans offer good opportunities for U.S. technology.

Other infrastructure projects also offer opportunities to foreign investors. The Council for Development and Reconstruction (CDR) is responsible for tendering and procuring funding for government physical infrastructure projects (electricity, telecommunications, roads, and public transport); social infrastructure (education, public health, social and economic development, land use, and environment); basic services (water supply, wastewater, and solid waste management); and productive sectors (agriculture, irrigation, ports, airports, tourism, and government buildings). Public infrastructure opportunities lie primarily in roads and highways, ports, electricity, education, solid waste management, wastewater, and water supply. As of the end of 2013, the CDR possessed a total of USD 1.4 billion in loans and agreements ratified by parliament but not yet disbursed.

A foreigner can establish a business under the same conditions that apply to a Lebanese national, provided that the business is registered in the Commercial Registry. Foreign investors who do not manage their business from Lebanon do not need to apply for a work permit. However, foreign investors who own and manage their business from Lebanon must apply for an employer work permit and a residency permit. The employer work permit stipulates that the investor's share in the capital be not less than USD 67,000 and that the investor pledge to hire three Lebanese and register them at the National Social Security Fund (NSSF) within six months. All companies established in Lebanon must abide by the Lebanese Commercial Code and regulations, and are required to retain the services of a lawyer. The judiciary upholds the sanctity of contracts. There are no sector-specific laws on acquisitions, mergers, or takeovers, except for bank mergers. Bidding criteria are clear and non-discriminatory but the evaluation process is often opaque.

Lebanese law does not differentiate between local and foreign investors, except in land acquisition (see property section below). Foreign investors can generally establish a Lebanese company, participate in a joint venture, or establish a local branch or subsidiary of their company without difficulty. Specific requirements apply for holding and offshore companies, real estate, insurance, media (television and newspapers), and banking.

The establishment of joint-stock corporations, limited liability, and offshore and holding companies is allowed under Lebanese law. A joint-stock corporation (Societe Anonyme Libanaise - SAL) is governed by Legislative Decree No. 304, dated January 24, 1942, under the Commercial Code. Limitations related to foreign participation include a general limitation on management participation (Article 144 stipulates that the majority of the board of directors should be Lebanese); indirect limitation with regard to acquisition of capital shares (Article 147); limitation on capital shares with regard to public utilities (Article 78); and limitation on capital shares and management with regard to exclusive commercial representation (Legislative Decree No. 34/67, dated August 5, 1967). In the financial sector, most establishments, including those in banking and insurance, must take the form of a joint-stock company.

A limited liability company (Societe a Responsabilite Limitee - SARL) is governed by Legislative Decree No. 35, dated August 5, 1967. It can be fully owned by non-Lebanese, and the management of the company can be controlled by non-Lebanese.

Holding and offshore companies follow the legal form of a joint-stock corporation and are governed by Legislative Decree No. 45 (on holdings) and Legislative Decree No. 46 (on offshore companies), both dated June 24, 1983, and amended by Law No. 19, dated September 5, 2008. A foreign non-resident chairman/general manager of a holding or an offshore company is exempt from the obligation of holding work and residency permits. Law No. 772, dated November 2006, exempts holding companies from the obligation of having two Lebanese persons or legal entities on their board of directors. All offshore companies must register with the Beirut Commercial Registry. Offshore banking, trust, and insurance companies are not permitted in Lebanon.

Law No. 296, dated April 3, 2001, which amended the 1969 Law No. 11614, governs foreign acquisition of property. The 2001 law eased legal limits on foreign ownership of property to encourage investment in Lebanon, especially in industry and tourism; abolished discrimination for property ownership between Arab and non-Arab nationals; and lowered real estate registration fees from six percent for Lebanese and 16 percent for foreigners to five percent for both Lebanese and foreign investors. The law permits foreigners to acquire up to 3,000 square meters of real estate without a permit, as acquiring more than 3,000 square meters requires cabinet approval. Cumulative real estate acquisition by foreigners may not exceed three percent of total land in each district. Cumulative real estate acquisition by foreigners in the Beirut region may not exceed 10 percent of the total land area. The law prohibits acquisition of property by individuals not holding an internationally recognized nationality. This restriction is primarily aimed at preventing Palestinian refugees residing in Lebanon from permanently settling in the country.

Measure	Year	Index/Ranking
TI Corruption Index	2013	127 of 177
Heritage Economic Freedom	2014	96 of 178
World Bank Doing Business	2014	111 of 189
Global Innovation Index	2013	75 of 142
World Bank GNI per capita	2012	USD 9,190

#### **Conversion and Transfer Policies**

Return to top

There are no restrictions on the movement of capital, capital gains, remittances, dividends, or the inflow and outflow of funds. The conversion of foreign currencies or precious metals is unfettered. Foreign currencies are widely available and can be purchased from commercial banks or money dealers at market rates. There are no delays in remitting investment returns except for the normal time required by the banks to carry out transactions. There are no surrender requirements for profits earned overseas.

#### **Expropriation and Compensation**

Land expropriation in Lebanon is relatively rare. The Law on Expropriation (Law No. 58, dated May 29, 1991, Article One), as well as Article 15 of the Constitution, clearly specifies that expropriation must be "for the public utility" and calls for fair and adequate compensation. Compensation is paid at the time of expropriation and is often perceived as below market value. The government does not discriminate against U.S. investors, companies, or their representatives in expropriation.

The government, with the agreement of the parliament, established three real estate companies to encourage reconstruction and development in Greater Beirut: private corporation Solidere for Beirut's downtown commercial center; public company Elyssar for the southwest suburbs of Beirut; and public company Linord for northern Beirut. Linord has been dormant for years and Elyssar's projects have stalled since 2007. These companies have been granted the authority to expropriate certain lands for development; although in doing so, they have faced serious legal challenges from landowners and squatters. Several court cases are still pending against Solidere after 18 years of litigation..

#### **Dispute Settlement**

Return to top

Over the last few years, the government has faced problems with previously-awarded contracts and resorted to international arbitration to resolve them. In 2005, the International Chamber of Commerce's Arbitration Court issued rulings favorable to the two private operators of the cellular network, Cellis (which was two-thirds owned by France Telecom) and Libancell, whose contracts were terminated by the government in 2001. The government negotiated a settlement and paid them compensation. The government has also settled a dispute with a Chinese contracting company working to expand the northern port of Tripoli.

Cases in Lebanese courts are not settled rapidly because of archaic procedures, a shortage of judges, inadequate support structures, and a traditional slowness in the handling of cases. Commercial litigation in Lebanese courts takes, on average, eight to 10 years. Politicians and powerful lobbying groups sometimes interfere in the court system. Local courts accept investment agreements drafted subject to foreign jurisdiction, if they do not contradict Lebanese law. Judgments of foreign courts are enforced subject to the "exequatur" obtained.

The Commercial Code (Book No. 5, Articles 459-668) and the Penal Code govern insolvency and bankruptcy. By law, a secured creditor has a right to share in the assets of a bankrupt party. Verdicts involving monetary values in contract cases are made according to the currency of the contract or its equivalent in Lebanese Lira at the official conversion rate on the day of the payment. Workers can resort to the Labor court and the National Social Security Fund to recover pay and benefits from local and foreign firms in bankruptcy.

International arbitration is accepted as a means for settling investment disputes between private parties. The Lebanese Center for Arbitration was created by local economic organizations, including the four Lebanese chambers of commerce, industry, and agriculture. The Center acts as an arbitrator in solving domestic and international conflicts related to trade and investment. Its statutes are similar to those of the International Chamber of Commerce in Paris.

Lebanon has an administrative judicial system that handles all kinds of disputes involving the state. The government accepts binding international arbitration of investment disputes related to contracts between foreign investors and the state. In the case of a concession or a project granted by contract by the state, the government does not accept binding international arbitration unless the contract includes an arbitration clause that obtained prior approval by cabinet decree. However, there is an exception for investors of countries that have achieved a signed and ratified investment protection agreement with Lebanon that stipulates international arbitration in case of dispute. Lebanon is a member of the International Center for the Settlement of Investment Disputes (ICSID - Washington Convention). In 2007 Lebanon ratified the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Lebanese law is in conformity with both conventions.

## **Performance Requirements and Incentives**

Return to top

The law imposes no performance requirements on investments. There are no requirements on foreign investors regarding geographic location, amount of local content, import substitution, export expansion, technology transfer, offset requirements, or source of financing. Investors are not required to disclose proprietary information as part of the regulatory approval process, except in the case of banks, which must obtain the Banque du Liban's (BdL, Lebanon's central bank.) approval for transfer of ownership of shares in most cases (BdL circulars are posted on <a href="https://www.bdl.gov.lb">https://www.bdl.gov.lb</a>).

Foreign investors enjoy the same incentives as local investors. Foreigners doing business in Lebanon through a company, factory, or office must have work and residency permits. There are no discriminatory or excessively onerous visas, residence, or work permit requirements. Registration with a chamber of commerce is required for the import and handling of a limited number of products that are subject to control requirements for safety reasons, but products with special import requirements constitute less than one percent of total tradable goods. Registration at the chambers of commerce is required for ensuring that established facilities meet safety, handling, and storage requirements.

The Investment Law divides Lebanon into three investment zones, with different incentives provided in each zone, and it encourages investments in the fields of technology, information, telecommunications and media, tourism, industry, and agriculture and agro-industry. Incentives include facilitating issuance of permits for foreign labor, tax incentives ranging from a 50 percent tax reduction for five years on income tax and tax on the distribution of dividends to total exemption of these taxes for 10 years starting from the date of operation (tied to the issuance of the first invoice), and exempting companies that list 40 percent of their shares on the Beirut Stock Exchange from income tax for two years. The Investment Law also allows for the introduction of tailor-made incentives through package deals for large investments projects, regardless of the project's location, including tax exemptions for up to 10 years, reductions on construction and work permit fees, and a total exemption on land registration fees. IDAL may exempt joint-stock companies that benefit from package deal incentives from the obligation of having a majority of their board of directors be Lebanese (Law No. 771, dated November 2006). Investors who seek to benefit from facilities in the issuance of work permits under "package deals" must hire two Lebanese for every foreigner and register them with the NSSF. Amendments to the Investment Law that would increase

incentives provided to companies and increase the pool of start-ups operating in the ICT sector that could benefit from the incentives await parliamentary approval.

Other laws and legislative decrees provide tax incentives and exemptions depending on the type of investment and its geographical location. Industrial investments in rural areas benefit from tax exemptions of six or 10 years, depending on specific criteria (Law No. 27, dated July 19, 1980, Law No. 282, dated December 30, 1993, and Decree No. 127, dated September 16, 1983). Exemptions are also available for investments in south Lebanon, Nabatiyeh, and the Bekaa Valley (Decree No. 3361, dated July, 2, 2000). For example, new industrial establishments manufacturing new products will benefit from a 10-year income tax exemption. Factories currently based on the coast that relocate to rural areas or areas in south Lebanon, Nabatiyeh, and the Bekaa Valley benefit from a six-year income tax exemption. In April 2014, parliament enacted a law to reduce income tax on industrial exports by 50 percent.

The government reduces to five percent the tax on dividends for companies listed on the Beirut Stock Exchange (BSE), companies that open up 20 percent of their capital to Arab companies listed on their country's stock exchange or foreign companies listed on the stock exchange of OECD countries, and companies that issue Global Depository Receipts (GDRs) amounting to a minimum value of 20 percent of their shares listed on the BSE.

Domestic and foreign investors may benefit from a 4.5 percent subsidy on interest on new loans granted after 1/1/2012 amounting to up to USD 10 million per project (with a ceiling of USD 40 million) provided by banks, financial institutions, and leasing companies to industrial, agricultural, tourism, and information technology establishments. The subsidy extends for a maximum of seven years, with a grace period of two years. Investors can also benefit from loan guarantees from Kafalat, a semi-private financial institution that assists small- and medium-sized enterprises (SMEs) in accessing subsidized commercial bank loans, with a grace period of two years.

Domestic and foreign investors may also benefit from regulations issued by the BdL to stimulate economic activity. The BdL launched in January 2013 a financial package of approximately USD 1.47 billion available to commercial banks to boost economic growth; this program of incentives aims to stimulate lending at a reduced cost for housing loans, investment in productive sectors, and energy-saving and renewable energy projects for lending within a one-year term. In November 2013, the BdL expanded the stimulus package by an additional USD 332 million in Lebanese Lira loans to be earmarked to finance new projects or develop existing ones. Moreover, in August 2013, the BdL issued a circular authorizing banks to directly invest in technology startups up to two to three percent of equity by providing banks with interest-free facilities over a maximum period of 7 years. It also issued a circular indicating that the BdL will start, in cooperation with the EU, to subsidize loans of USD five million or less that are extended to finance environmentally-friendly energy projects. In addition, in mid-November 2013 the BdL Governor announced an USD 800 million financial package to stimulate lending in 2014 to contain inflation and preserve the stability of the currency and interest rates.

Customs exemptions are granted to industrial warehouses for export purposes. Companies located in the Beirut Port or the Tripoli Port Free Zone benefit from customs

exemptions and are exempt from the value-added tax (VAT) for export purposes. They are also not required to register their employees with the NSSF if they provide equal or better benefits.

## **Right to Private Ownership and Establishment**

Return to top

The right to private ownership is respected in Lebanon. Foreign private entities can establish, acquire, and dispose of interests in business enterprises and can engage in all kinds of remunerative activities.

## **Protection of Property Rights**

Return to top

The concept of a mortgage exists, and secured interests in property, both movable and real, are recognized and enforced. Such security interests must be recorded in the Commercial Registry and the Real Estate Registry. The Real Estate Law governs acquisition and disposition of all property rights by Lebanese nationals, while Law No. 296, dated April 3, 2001, governs real estate acquisition by non-Lebanese.

Although Lebanon is not a member of the World Trade Organization, (WTO), Lebanon's legislation generally aims to provide Trade-Related Intellectual Property Rights (TRIPS) intellectual property rights (IPR) protection, but enforcement of IPR is weak. The Ministry of Economy and Trade's (MoET)'s Intellectual Property Protection Office (IPPO) has spearheaded efforts to improve the IPR regime, though it suffers from limited financial and human resources, and weak political will within the GoL to tackle IPR enforcement. The MoET's amendments to the Code of Commerce to improve the IPR environment by further streamlining business and intellectual property legislation are still pending parliamentary approval, but increased political will and additional resources are needed. In collaboration with World Intellectual Property Organization (WIPO), the IPPO conducted several public and in-house seminars in 2013, focusing on raising awareness and improving technical capabilities. The MoET officially launched online copyright and trademark registration in January 2013 as part of its overall efforts to enhance its online services portal.

In 2011, the GoL and the U.S. government began work on developing an action plan and setting a bilateral IPR working group to foster communication and sharing of best practices on IPR issues. The U.S. Trade Representative's Special 301 annual review of intellectual property protection worldwide has kept Lebanon on its watch list since 2008. The establishment of the Cyber Crime and Intellectual Property Unit at the Internal Security Forces (ISF) in 2006 has led to moderate progress in IPR enforcement. During 2013, the government raided a number of shops and warehouses and seized counterfeit material. Although cable television piracy persists, following a series of lawsuits from major cable TV operators, illegal cable providers are now paying a fee to the respective right holders. The International Intellectual Property Alliance has noted that copyright protection in recent years has not witnessed major improvements, highlighting the need for better enforcement of the law to deter infringers. A study conducted by the MoET in collaboration with WIPO on the economic contribution of the software industry in Lebanon estimated that the industry continued to suffer from a weak legal framework, with software piracy rates reaching levels as high as 71 percent in 2013. Unauthorized copies of internationally patented pharmaceuticals continue to be approved by the Ministry of Public Health, although Decree No. 571 issued in 2008 contains requirements on the treatment of undisclosed information in registration applications. There has been no progress in inter-ministerial efforts towards amending the Patent Law to define what relates to undisclosed information (Article 47).

Existing intellectual property rights laws cover copyright, patent, trademarks, and geographical elements.

Lebanon's 1999 Copyright Law largely complies with WTO regulations and needs only minor amendments to become fully compatible. Amendments to the current law have been stalled in parliament since 2007. Registration of copyrights in Lebanon is not mandatory, and copyright protection is granted without the need for any registration.

A modern and TRIPS-compatible Patent Law, approved in 2000, provides general protection for semiconductor chip layout designs and plant varieties, but no adequate coverage is provided for trade secrets. Amendments to the Patent Law, regarding undisclosed information, are still being studied by the relevant ministries. The Lebanese legal regime does not require examination, prior to registration, of patents for novelty, utility, and innovation. Simple patent deposit is required at the MoET, where the application is examined only for conformity with general laws and ethics.

The Council of Ministers approved the draft of a new industrial design and trademark law in October 2007 and a geographical indications law in May 2007, and both still await parliamentary ratification. While the 1924 Law on Industrial Property does not require examination of trademarks and calls for simple deposit, partial examination of trademarks prior to registration became the norm starting in 2001. Registration of industrial and commercial trademarks takes about two weeks.

Lebanon signed the Singapore Treaty on Trademarks in December 2006; the treaty is awaiting parliamentary ratification.

Lebanon's parliament ratified the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty (WPPT) in February 2010. Ratification documents have not yet been deposited with WIPO, however, because implementation of these treaties requires an amendment to Lebanon's Copyright Law that has been submitted and is awaiting parliament's ratification.

Lebanon began pursuing WTO accession in 1999, but has done little in recent years to advance this process. A U.S. Agency for International Development (USAID)-funded technical assistance project staffed by consultants from Pricewaterhouse Coopers and Booz Allen Hamilton worked with the GoL from May 2000 to October 2007 (and with U.S. government Middle East Partnership Initiative funding from November 2007 to September 2009) to revise, update, and draft appropriate laws to facilitate WTO accession. In December 2009, USAID renewed this project, contracting Booz Allen Hamilton to continue providing support for Lebanon's WTO accession for the next three years, with an emphasis on bolstering the private sector's capacity to hold the government accountable for needed trade reforms. The project officially ended in October 2012.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/En.

## **Transparency of Regulatory System**

Return to top

Private sector companies should be wary when bidding for public projects, given lack of transparency, clear regulations, and fair consideration of bids. There is no one specific law regulating all aspects of government procurement in Lebanon. Government administrations often award contracts by mutual agreement, without calling for a tender, and the government does not always establish clear procedures for the process.

In Lebanon, the procedures necessary for business entry, operation, and exit are not streamlined. However, the process does not discriminate against foreign investors.

Red tape plagues bureaucratic procedures. International companies are faced with an unpredictable, opaque operating environment and often encounter unanticipated obstacles or costs late in the process. Even so, according to the World Bank's Doing Business 2014 report, it takes entrepreneurs only five steps to start a business in Lebanon, compared to the global average of seven steps and average of eight procedures in Arab countries. The report may be accessed at <a href="http://www.doingbusiness.org">http://www.doingbusiness.org</a>.

The MoET launched in December 2011 a project to assess and redesign the overall business processes of the ministry. The purpose is to improve the quality of the services offered to citizens, reduce the number of complaints, and automate value-added processes. Currently, IPR trademark registration, economic and trade indicators, and market surveillance reports are available online at <a href="http://www.economy.gov.lb">http://www.economy.gov.lb</a>.

The government does not publish proposed laws and regulations in draft for public comment. The normal practice when preparing legislation is to form a drafting committee composed of both public and private sector stakeholders. However, Telecom Law No. 431 requires the Telecommunication Regulatory Authority (TRA) to issue regulations in draft for public consultation in an effort to ensure full transparency and enable the general public to play a role in shaping future regulations. In general, legal, regulatory, and accounting systems are consistent with international norms.

Lebanon still lacks an access to information law that aims at promoting transparency at both the private and public sector levels. According to Transparency International (TI)'s Lebanon chapter, the Lebanese Transparency Association (LTA), several ministries took initiatives to promote transparency in 2013, while the Lebanese Parliament failed to enact new legislation. In 2012, the Ministry of Finance (MoF) updated its website to include a section on e-taxation, allowing citizens to acquire an electronic tax ID to assist them in facilitating tax declarations. Citizens with a tax ID are no longer obliged to physically visit the tax departments to declare their taxes. The new tax inquiry section also allows citizens to identify the amount of tax on their properties without visiting the tax departments. In September 2013, the MoF launched its electronic payment system whereby citizens and companies would be able to file and pay their taxes online 24/7, either through the ministry's website or through the websites of Lebanese commercial banks. The Ministry of Tourism in 2013 inaugurated the first one-stop shop to process licensing requests from private developers of touristic facilities. Initiated in collaboration with the Minister of State for Administrative Reform, the office is expected to be

operational sometime in 2014. The MoET continued publishing its consumer protection newsletter, inaugurated in 2010.

The MoF continues to publish reports on public finance, debt, foreign trade, and foreign aid, in addition to thematic reports and annual budget brief notes, all available online. The monthly report "Salaries, Wages and Related Benefits" was launched in February 2011. The "Citizen Budget 2010," developed in collaboration with the LTA to facilitate the ordinary citizen's understanding of the government budget revenues and spending was also published and disseminated in 2011. Reports are available at: http://finance.gov.lb.

As part of the National Network for Access to Information, the LTA, MoF and other stakeholders helped draft laws on access to information and whistleblower protection, both which still await parliamentary ratification since 2009. As one of the members of the National Network for Access to Information, the MoF continues to organize workshops, raise awareness, and build capacity of civil servants on access to information and whistleblower protection.

The LTA, in partnership and cooperation with the Center for International Private Enterprise (CIPE), established in 2008 the Lebanon Anti-Bribery Network (LABN), which was re-launched in 2013, for the specific purpose of combating bribery in the country. LABN invited MoF to become a member of this network and requested its involvement in LABN's activities in June 2013.

Under its Lebanon Anti-Bribery Network, the LTA launched the Code of Ethics and Whistleblower Protection for small and medium enterprises (SMEs) and provided a workshop for owners and directors of companies on the importance of ethics and on ways of applying the code. LTA is also preparing a handbook and workshop series on "Know Your Rights: A Guidebook for Dealing with the Public Administration," which aims to empower Lebanese citizens to fight bribery by educating them on their related rights.

#### **Efficient Capital Markets and Portfolio Investment**

Return to top

Lebanon places no restrictions on the movement of capital in or out of the country for investment or other purposes. The government permits the free exchange of currencies, precious metals, and monetary instruments, both domestically and internationally. There are no restrictions on payments and transfers for current international transactions. According to the World Bank's latest estimates, remittance inflows to Lebanon remained almost constant at USD 7.2 billion for 2013, or 16.1 percent of total remittances to the MENA region. Lebanon is considered by the World Bank to be one of the top global recipients of remittances relative to the size of its economy. Remittances as a share of GDP reached on average 20 percent over the past 20 years, representing one of the highest ratios worldwide. According to the World Bank, remittances per capita reached USD 2000 in 2013, the second highest ratio worldwide.

Credit is allocated on market terms, and foreign investors can get credit facilities on the local market. The private sector has access to overdrafts and discounted treasury bills, in addition to a variety of credit instruments, such as housing, consumer, or personal loans, and loans to SMEs. The International Finance Corporation (IFC) and the European Investment Bank (EIB) have been separately extending financial facilities through the Lebanese banking sector to help SMEs in specific productive sectors, such

as high-tech, industry, and tourism. Since 2007, the Overseas Private Investment Corporation (OPIC) has extended USD 300 million in credit line guarantees through Citibank to select Lebanese banks for private sector lending.

The Beirut Stock Exchange (BSE) guotes six commercial banks, 25 sovereign Eurobond issues (23 in U.S. dollars, one in Euros, and one in Lebanese Lira), and four companies, including Solidere, one of the largest publicly held companies in the region. Trading is a combination of auction and continuous trading. In spring 2008, the BSE authorized etrading. Legislation allows the listing of tradable stocks or papers on the BSE. On August 4, 2011, the Parliament endorsed both the Insider Trading Law and the Capital Markets Law to regulate and supervise capital market activity. The BSE suffers from lack of liquidity, with low trading volumes, in the absence of significant institutional and foreign investors, and had an annual trading volume of only 3.6 percent of market capitalization in 2013. The weak market turnover discourages investors from committing funds to the market and discourages issuers from seeking listings on the BSE. stimulate market activity, the Capital Markets Authority (CMA) in Lebanon, which acts similarly to the U.S. Securities and Exchange Commission, issued several circulars in 2013 to regulate disclosure policy of joint stocks and mutual funds as well as to encourage investment in start-up companies. The Capital Markets Law calls for the corporatization and then privatization of the BSE within a two-year period from the date the CMA is appointed; however, by May 2014 no serious action has been taken to corporatize the BSE. Lebanon hosts the headquarters of the Arab Stock Exchange Union.

The banking regulatory system is transparent and consistent with international norms. Banks conform to Bank for International Settlement (BIS) standards and International Accounting Standards (IAS). In 2011, the BdL issued three circulars for corporate governance in the banking sector, and in January 2013, it issued a comprehensive circular with more stringent regulations on compliance in banks and financial institutions. In 2014, the Banking Control Commission (BCC, the banks' regulatory body) created a new unit in charge of the full implementation of "Consumer Protection" based on the circulars issued by the BdL (in 2010) and by the BCC (in 2012).

Lebanon has legislation regulating issuance of and trading in bank equities. Law No. 308 on unification of bank shares allows banks to increase their capitalization and shareholder base, as well as to optimize trading of bank shares on the BSE. Parliament has ratified a law on asset securitization. There are no restrictions on portfolio investment, and foreign investors can invest in Lebanese equities and fixed income paper.

The banking system enjoys a high financial standing with a capital adequacy ratio of 12.2 percent as of June 2013 (compared to eight percent as set by Basel II) and sound liquidity, with a foreign currency prime liquidity ratio exceeding 45 percent of foreign currency deposits. The Lebanese banking sector has complied with Pillars I and II of the Basel II Accord (new capital adequacy ratio and supervisory review process on economic capital of banks respectively). The BdL and the BCC will continue issuing new circulars requiring banks to comply with Pillar III (transparency and market discipline) of Basel II. The BdL and the BCC have established a steering committee to follow up on the new Basel III Accord. In December 2011, the BdL issued a circular that sets an agenda for the implementation of Pillar I of Basel III with more conservative rules, such as raising total equity capital adequacy ratio (including Capital Conservation Buffer of 2.5

percent) to reach progressively 12 percent in 2015 (compared to the eight percent required by Basel III). Lebanese banks are preparing to be Foreign Account Tax Compliance Act (FATCA) compliant.

International banks established in Lebanon, such as Standard Chartered Bank, Emirates Lebanon Bank, HSBC, Citibank, and Qatar National Bank remain active. Many sectors are dominated by traditional businesses held by commercially powerful families. The government is trying to improve the transparency of such firms in order to help solidify an emerging capital market for company shares.

The total domestic assets of Lebanon's five largest commercial banks reached about USD 90 billion in 2013 (or about 52.4 percent of total banking assets), according to BdL data. Meanwhile, the total consolidated assets of Lebanon's five largest commercial banks reached about USD 111.5 billion in 2013. About 3.3 percent of total loans were estimated as non-performing by end-April 2014. Banks maintained around 75.4 percent of provisions against non-performing loans as of April 2014, while the remaining 24.6 percent were covered by adequate collateral.

Lebanon is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF) and received its first MENAFATF Mutual Evaluation during the Tenth Plenary held November 9-11, 2009, in Beirut. Lebanon was upgraded from "partially compliant" to "largely compliant" on several core recommendations, including timely feedback by Lebanon's financial intelligence unit (FIU). As a result of this improvement, Lebanon was subject to only a normal review, and presented its first Follow Up report highlighting progress achieved during the 14th MENAFATF Plenary in September 2011, with a second follow up report submitted during the 17th MENAFATF Plenary in April 2013. The next follow up report will be submitted to the 19th MENAFATF Plenary initially planned in the first half of 2014, but the date has not yet been set.

## **Competition from State Owned Enterprises**

Return to top

The GoL has a monopoly in the utility sector (Ogero for telecom landlines, and two mobile companies; Electricite du Liban-EDL for electricity production and transmission; and four water authorities); a casino (Casino du Liban, a mixed public-private enterprise); tobacco procurement, manufacturing, and sales (La Regie des Tabacs et Tombacs); as well as the national airline (Middle East Airlines-MEA), whose monopoly ends in 2024. Other major state-owned enterprises or public institutions include the Beirut, Tripoli, Sidon, and Tyre ports; the Rashid Karami International Fair (in northern Lebanon); the Sport City Center; and two real estate development entities, ELYSSAR and LINORD. The GoL also owns shares in Intra Investment Co., a mixed public-private investment company, and the latter owns 96.62 percent of Finance Bank – a Lebanese commercial bank.

While, by law, electricity production is restricted to EDL, there are numerous private investors operating generators across the country that sell electricity to citizens at much higher prices than EDL during power cuts. This sector remains unregulated. EDL has awarded a few concessions to privately-owned companies for power distribution in specific regions, and these companies have expressed interest in producing electricity to meet customer demand. On April 10, 2014, the parliament granted the cabinet for a period of two years the authority to license private companies to generate electricity. In mid-2012, three private companies contracted by EDL began handling bill collection,

maintenance, and power distribution services. Moreover, the GoL continues to contract the management of the two cellular companies to two private operators.

The SOEs and public institutions are subject to oversight by the concerned ministries. Public institutions need the approval of concerned ministries for major business decisions. They have independent boards staffed primarily by politically-affiliated individuals appointed by the cabinet in public institutions and by shareholders in SOEs. The SOEs and public institutions are required by law to publish an annual report and submit their books for independent audits as well as send their books to the Court of Audit.

The GoL currently has no plans to privatize SOEs or public institutions. MEA has put on hold its plans to list 25 percent of its shares on the BSE as a first step toward privatization pending an improvement in investor confidence, in order to ensure that its shares will not be undervalued when traded on the BSE.

## **Corporate Social Responsibility**

Return to top

In the last four years, Lebanese firms and member firms of the American-Lebanese Chamber of Commerce have become increasingly aware of corporate social responsibility (CSR), good governance, and the value of providing information to customers. Firms who pursue CSR are viewed favorably. The LTA reports that more companies are approaching CSR for corporate governance assessments and its corporate governance guidelines and toolkits for family-owned enterprises and listed companies.

Political Violence Return to top

Political violence continued in 2013 due to spillover effects from the Syrian conflict. In April 2014, the situation slightly stabilized with the implementation of a security plan by the Lebanese government in Tripoli and villages in the Bekaa Valley along the Syrian border. By early 2014, there were over one million officially registered Syrian refugees with the UN High Commissioner for Refugees, severely straining local resources and services. The massive car bomb explosion in Beirut that killed former minister Mohammad Chatah on December 27, 2013 along with seven others represented one of the largest and deadliest attacks against a public official since the 2005 assassination of former Prime Minister Rafiq Hariri. Sporadic clashes continued across the country, especially in Tripoli, where supporters and opponents of the Syrian regime sometimes employed heavy weaponry in upsurges of violence with severe clashes during the year, including two bombs that exploded simultaneously on August 23 in front of al-Taqwa and al-Salam mosques, killing 47 and injuring 600 persons. Lebanon also suffered from multiple suicide and car bomb attacks, in Tripoli, the southern suburbs of Beirut, and the Bekaa Valley.

There have been numerous instances of incursions by Syrian forces across the border into Lebanese territory (much of the border is non-demarcated, contributing to further instability on the border). Cross-border shelling against towns in the north and in the Bekaa Valley happens almost daily. In August 2012, the United States designated as a terrorist organization Hezbollah for its ongoing support to Syrian President Bashar al-Assad and its fighting in support of the Assad regime. Hezbollah continued to accelerate

its engagement in the fighting in Syria on behalf of the regime and some Lebanese Sunni individuals and groups have supported the Syrian opposition.

On February 1, 2013, armed clashes between an army patrol and gunmen on the outskirts of Arsal village in the Bekaa resulted in the death of an officer, a soldier, and one suspect. According to a press statement issued by the army, "the army patrol was chasing someone suspected by the courts of several terrorist operations in the outskirts of the town of Arsal when the patrol fell into an armed ambush". Three more soldiers were killed in an ambush on their position on the outskirts of Arsal in May 2013 and similar incidents occurred in Sidon and the Bekaa Valley.

During 2013, numerous incidents of kidnapping for ransom were reported. Lebanon is one of several countries for which the U.S. Department of State has issued Travel Warnings because of long-term, protracted conditions that make the country dangerous or unstable. U.S. companies and visitors are advised to assess carefully the situation in Lebanon by consulting the Department's Travel Warning and its Country Specific Information at http://travel.state.gov. These documents contain essential security and safety information on travel to Lebanon.

The U.S. government considers the potential threat to U.S. Embassy personnel assigned to Beirut sufficiently serious to require them to live and work under significant security restrictions. These practices limit, and may occasionally prevent, the movement of U.S. Embassy officials and the provision of consular services in certain areas of the country. U.S. citizen visitors are encouraged to contact the Embassy's Consular Section for the most recent safety and security information concerning travel to Lebanon.

Corruption Return to top

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

**U.S. Foreign Corrupt Practices Act:** In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the

purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: http://www.justice.gov/criminal/fraud.

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. Lebanon is a signatory to the UN Anticorruption Convention, but generally all countries prohibit the bribery and solicitation of their public officials.

**OECD Antibribery Convention:** The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <a href="http://www.oecd.org/dataoecd/59/13/40272933.pdf">http://www.oecd.org/dataoecd/59/13/40272933.pdf</a>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. Lebanon is not a signatory to the OECD Antibribery

**UN Convention:** The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <a href="http://www.unodc.org/unodc/en/treaties/CAC/signatories.html">http://www.unodc.org/unodc/en/treaties/CAC/signatories.html</a>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Lebanon ratified the UN Anticorruption Convention in April 2009.

**OAS Convention:** In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as

mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see <a href="http://www.oas.org/juridico/english/Sigs/b-58.html">http://www.oas.org/juridico/english/Sigs/b-58.html</a>). Lebanon is neither a member of the OAS, nor a signatory to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see <a href="https://www.coe.int/greco.">www.coe.int/greco.</a>) Lebanon is not a signatory to the Council of Europe Criminal Law and Civil Law Conventions.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize "active bribery" of public officials (offering bribes to any public official must be made a criminal offense, both domestically and transnationally) as well as domestic "passive bribery" (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <a href="http://www.ustr.gov/trade-agreements/free-trade-agreements">http://www.ustr.gov/trade-agreements/free-trade-agreements</a>. Lebanon has neither a bilateral investment treaty (BIT) with the U.S. nor an agreement on the avoidance of double taxation. However, the U.S. has signed a Trade and Investment Framework Agreement (TIFA) with the Government of Lebanon in December, 2006 to help promote an attractive investment climate, expand trade relations, and remove obstacles to trade and investment between the two countries.

**Local Laws:** U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service can provide assistance with navigating Lebanon's legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be

brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at tcc.export.gov/Report\_a\_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at <a href="https://www.justice.gov/criminal/fraud/fcpa">www.justice.gov/criminal/fraud/fcpa</a>. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at <a href="http://www.ogc.doc.gov/trans\_anti\_bribery.html">http://www.ogc.doc.gov/trans\_anti\_bribery.html</a>. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

#### **Corruption in Lebanon:**

There is rampant corruption when dealing with the Lebanese public sector. According to Transparency International's (TI) 2013 Corruption Perception Index (CPI), Lebanon ranked 127 out of 177 countries worldwide and 13 out of 19 MENA countries. Based on its score, Lebanon remained in the top 50 most corrupt countries in the world. TI noted that the country's "deeply entrenched nepotism networks" made civil society efforts against corruption very difficult, while anti-corruption legislation exists but is not properly enforced. The LTA blames political paralysis for preventing the passage of various legal reforms (including draft laws against illicit enrichment, access to information, and whistle blower protection) with which the organization has been closely involved to combat corruption. The index measures the perception of corruption by public officials and politicians and focuses on corruption in the public sector, defined as an abuse of official power for private interests. LTA's website: http://www.transparency-lebanon.org.

The International Finance Corporation (IFC) and the LTA signed an MOU on October 11, 2007, to establish the Institute of Directors (IoD) on Corporate Governance in Lebanon, which became operational in 2010. The IFC provided a USD 250,000 grant for the institute, which provides training courses on corporate governance, offers consultancy services, carries out research and educational activities, and organizes awareness-raising private sector events in Lebanon and the MENA region. In 2011, the IoD launched a guidebook focused on Corporate Governance stories and solutions in the MENA region.

LTA established the Lebanese Advocacy and Legal Advice Center (LALAC) program to inform citizens of their rights and to encourage victims and witnesses to take action against cases of corruption. LALAC operates a hotline for victims and witnesses to call and report cases of corruption and receive free legal advice and assistance with their case. The program is currently funded by the European Union, the Lebanese

Renaissance Foundation, and the Center for International Private Enterprise (CIPE). In March 2013, LTA launched a one-year project entitled "Corruption Investigator," funded by the United States Agency for International Development (USAID). The project aimed at facilitating citizens' access to information throughout various media outlets to promote transparency and accountability and to advocate for a democratic community.

The Ministry of Tourism launched the Lebanese Observatory for Transparency in December 2012, which is aimed at fighting corruption, raising the level of transparency, and identifying achievements and practices in transparency that would constitute a role model for the community. The observatory hopes to attract Lebanon's youth to discuss and debate methods and policies that would help fight corruption and, therefore, raise confidence in the county's institutions and values.

Lebanon has laws and regulations to combat corruption, but these laws are not always enforced. According to Lebanese law, it is a criminal act to give or accept a bribe. The penalty for accepting a bribe is imprisonment for up to three years, with hard labor in some cases, and a fine equal to at least three times the value of the bribe. Bribing a government official is also a criminal act. The Central Inspection Directorate is responsible for combating corruption in the public sector, while the public prosecutor is responsible for combating corruption in the private sector. In April 2009, Lebanon ratified the UN Convention against Corruption. Lebanon is not a signatory to the OECD Convention on Combating Bribery.

Corruption is more pervasive in government contracts (primarily in procurement and public works), taxation, and real estate registration than in private sector deals. It is widely believed that investors routinely pay bribes to win government contracts, which are often awarded to companies close to powerful politicians and businessmen. The law provides criminal penalties for official corruption; however, the government did not implement the law effectively, and officials often engaged in corrupt practices with impunity and on a wide scale. Government security officials, agencies, and police were subject to laws against bribery and extortion. In practical terms the lack of strong enforcement limited the laws' effectiveness. The MoF has implemented reforms aimed at enhancing transparency and fighting corruption including requiring taxpayers to file exclusively through mail and to pay through banks, privately-owned Liban Post, or OMT, a money-transfer company. In 2007, an automated document tracking system for taxpayers' inquiries was implemented and a 24/7 call center was launched, as well as a service enabling taxpayers to handle the Built Property Tax transactions through Liban In 2008, the Tax Procedures Code was ratified, unifying tax procedures, specifying deadlines for tax transactions and defining taxpayers' rights and obligations. The MoF launched a portal in 2010, providing access to economic, financial and fiscal information. The MoF also initiated the development and distribution of the tax calendar in order to increase taxpayers' awareness of their rights and obligations. In 2011, the collection function was transferred to the regional tax offices. In August 2012, the MoF launched the Built Property Tax online service on its portal enabling inquiries for due Built Property Tax, and filing for built property tax online starting August 2013. Also, in September 2012, taxpayers were able to register for e-services through the MoF portal. Citizens can also file their VAT taxes online. These services are expected to decrease corruption in the tax sector.

On the customs front, and to ensure trade facilitation, transparency, and security, remote filing of manifests and declarations was introduced in 2011. A new version of the

ASYCUDA WORLD software (Automated System for Customs Data) was implemented to fill the gaps of the previous version. Transit trade applications can also be now filled online. Work has begun for Lebanon's Industrial Research Institute to submit its certificate of conformity online to further facilitate trade procedures Customs also established an Intelligence Unit to detect counterfeiting and fraudulent operations. Nonetheless, there were press reports in 2013 of corruption and bribery in the operations of Lebanese Customs at major facilities such as the Port of Beirut. Members of the business community report that bribery was sometimes the only way to avoid lengthy and expensive delays in the processing of imported products at the ports. Lebanese Customs hopes to implement e-payment of customs operations, a step that many hope will help combat corruption, but the process has been delayed.

Within the context of the modernization and development of the Customs clearance process of goods, several modules were developed in 2013 inside ASYCUDA World in order to enhance transparency and trade facilitation, on the one hand, and improving the Customs security and controls, on the other. To enhance security, Lebanese Customs currently has cameras on all of the Port of Beirut gates along with their private fiber network in order to remotely monitor and store in- and out-goods transactions. Further, Lebanese Customs decided to implement and initiated the first phase of the Paperless, E-Government and Single Window projects. In addition, an MoU was also prepared to create a legal framework basis for the second phase of these three projects; the generic MoU will be adjusted according to the needs of each Lebanese administration agreeing to join the Lebanese Customs Single Window project.

## **Anti-Corruption Resources**

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: http://www.justice.gov/criminal/fraud/fcpa.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/department/0,3355,en\_2649\_34859\_1\_1\_1\_1\_1\_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: http://www.oecd.org/dataoecd/11/40/44176910.pdf.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: <a href="http://www.ogc.doc.gov/trans\_anti\_bribery.html">http://www.ogc.doc.gov/trans\_anti\_bribery.html</a>.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: <a href="http://www.transparency.org/policy\_research/surveys\_indices/cpi/2009">http://www.transparency.org/policy\_research/surveys\_indices/cpi/2009</a>. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth

analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <a href="http://www.transparency.org/publications/gcr">http://www.transparency.org/publications/gcr</a>.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <a href="http://info.worldbank.org/governance/wgi/index.asp">http://info.worldbank.org/governance/wgi/index.asp</a>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <a href="http://data.worldbank.org/data-catalog/BEEPS">http://data.worldbank.org/data-catalog/BEEPS</a>.
- The World Economic Forum publishes the Global Enabling Trade Report, which
  presents the rankings of the Enabling Trade Index, and includes an assessment of
  the transparency of border administration (focused on bribe payments and
  corruption) and a separate segment on corruption and the regulatory environment.
  See <a href="http://www.weforum.org/s?s=global+enabling+trade+report">http://www.weforum.org/s?s=global+enabling+trade+report</a>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at http://www.state.gov/g/drl/rls/hrrpt.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: http://report.globalintegrity.org.

## **Bilateral Investment Agreements**

Return to top

The U.S. has neither a bilateral investment treaty (BIT) with Lebanon, nor an agreement to prevent double taxation. Preliminary discussions for a BIT began in 2001 but have been pending ever since.

In November 2006, the United States Trade Representative (USTR) and the MoET signed a Trade and Investment Framework Agreement (TIFA). Apart from pledging to foster an environment conducive to mutual trade and investment, the TIFA requires both parties to set up a United States-Lebanon Council on Trade and Investment that would meet twice a year or more to consult on trade and investment impediments and any other issues of concern. The council, which has not yet been set up, will seek and consider the views of private sector representatives in both countries. Under the TIFA, the United States and Lebanon agreed to a consultation mechanism that may be activated by either party within 60 days in the event of a dispute or other development affecting trade relations.

Lebanon signed the Euro-Mediterranean Partnership (ENP) agreement in 2002, and the interim agreement entered into force in March 2003. The final agreement came into force in April 2006 and the tariff reductions on imported products from the EU started in 2008. In 2012, Lebanon and the EU reviewed the ENP action plan and agreed on a new plan covering 2013-2015. Lebanon is considering signing the PAN EUROMED Regional

Convention on Rules of Origin and preparing for the negotiation of the Agadir agreement.

In 2004, Lebanon and the European Free Trade Association (EFTA) signed an FTA. In November 2010, Lebanon and Turkey signed an association agreement establishing a free trade area that will reduce barriers to the free movement of goods, services, capital, and people between the two countries over the next 10 years. The agreement has yet to be ratified. Lebanon has also signed the Greater Arab Free Trade Agreement, which gradually replaced the bilateral FTAs signed with Arab countries including Tunisia, Morocco, Egypt, Iraq, Jordan, Syria, Sudan and the Gulf Cooperation Council states. A regional Economic and Trade Association Council between Lebanon, Syria, Jordan, and Turkey was announced in July 2010.

Lebanon has signed bilateral investment agreements with the following countries (in alphabetical order): Armenia, Austria, Azerbaijan, Bahrain, Belarus, Belgium/Luxemburg, Benin, Bulgaria, Canada, Chad, Chile, China, Cuba, Cyprus, Czech Republic, Egypt, Finland, France, Gabon, Germany, Greece, Guinea, Hungary, Iceland, Iran, Italy, Jordan, Korea (South), Kuwait, Malaysia, Mauritania, Morocco, Netherlands, OPEC Fund, Pakistan, Qatar, Romania, Russia, Slovak Republic, Spain, Sudan, Sultanate of Oman, Sweden, Switzerland, Syria, Tunisia, Turkey, United Arab Emirates, Ukraine, United Kingdom, and Yemen.

Lebanon has signed bilateral tax conventions with 32 countries, but not with the United States.

#### **OPIC and Other Investment Insurance Programs**

Return to top

On February 10, 1981, Lebanon and the United States signed an OPIC agreement in Beirut, but no investment using OPIC insurance coverage was undertaken until 1996. OPIC is currently engaged with Lebanon in three areas: insurance, financing, and investment. Since 2006, OPIC has worked with Citibank on a program that offers loans to the private sector (SMEs, retail, and housing) through selected Lebanese commercial banks. This program began in January 2007, and to date, OPIC has provided USD 300 million in credit line guarantees.

The Lebanese government's National Investments Guarantee Corporation (NIGC) continues to insure new investments against political risks, riots, losses due to non-convertibility of currencies, and transfer of profits. Other major trade/investment insurance programs operating in Lebanon include COFACE (France), ECGD (UK), HERMES (Germany), SACE (Italian), and IAIGC (Arab Consortium). Lebanon has been a member of the Multilateral Investment Guarantee Agency (MIGA), part of the World Bank, since 1994.

The average U.S. dollar value of the local currency has been pegged by the BdL at Lebanese Pounds (LBP) 1,507.5 to the dollar since 1998; however, the dollar continues to trade in the business market at LBP 1,500. The GoL has repeatedly expressed its commitment to maintaining a stable currency. With record high foreign assets (excluding gold) of USD 36.4 billion as of end- May 2014, covering 78.1 percent of LBP money supply, the BdL has the ability to maintain a stable USD/LBP rate for some time. Lebanon has one of most heavily dollarized economies in the world; as of end-April

2014, 65.7 percent of bank deposits were dollarized, and businesses commonly accept payment (and return change) in a combination of LBP and USD.

Labor Return to top

The 1946 Labor Law provides for written and oral contracts and specifies a maximum workweek of 48 hours (with several exceptions, notably in agriculture corporations). The law provides for the right of association and the right to organize and bargain collectively. Lebanon is a member of the International Labor Organization (ILO) Convention.

Lebanon's working population (aged 15 and above) totals 1.2 million, including foreign residents but excluding the seasonal work force, according to CAS's 2011 Labor Market in Lebanon report. The Central Administration of Statistics (CAS) estimated Lebanon's population in 2007 at 3.75 million (their most recent estimate), excluding Palestinians in the refugee camps, seasonal workers, and now Syrian refugees. The IMF estimated the population at 4.467 million in 2013. According to CAS, unemployment (aged 15-64) reached 6.4 percent in 2009, and rates were higher among women (10 percent) than men (five percent). The World Bank estimates unemployment will double to 20 percent between 2012 and 2014, in large part due to the Syria crisis. As of April 2014, Lebanon had over one million Syrian refugees registered with the UN High Commissioner for Refugees (UNHCR). The unemployment rate is somewhat attenuated because large numbers of Lebanese citizens seek work outside Lebanon, including in Arab countries and the Gulf.

Local unskilled labor is in short supply. Arab (mainly Syrians, Egyptians, and Palestinian), Asian, Indian, and African laborers are hired to work in construction, agriculture, industry, and households.

Lebanon has a General Labor Confederation (CGTL), recognized by the government, whose membership is limited exclusively to Lebanese workers. The CGTL's activities are mainly limited to demanding cost-of-living increases and other social benefits for workers. The general labor-management relationship remains difficult and the Labor Law is not always properly enforced. Given its own political bias, the CGTL has been sometimes accused of working for its political interests and of being ineffective in fighting for workers' rights. Recently, it has been overshadowed by other labor groupings, most notably the Union Coordination Committees, lobbying in May 2014 the GoL to pass an increase in the salary scale for public sector workers.

#### Foreign-Trade Zones/Free Ports

Return to top

Foreign-owned firms have the same investment opportunities as Lebanese firms. Lebanon has two free zones in operation, the Beirut Port and the Tripoli Port. The WTO-compatible Customs Law issued by Decree No. 4461 fosters the development of free zones. The GoL also passed Law No. 18, dated September 5, 2008, to set up a Special Economic Zone (SEZ) in Tripoli to attract investment in trade, industry, services, storage, and other services which granted investors tax exemptions and other privileges. USAID provided technical assistance to the GoL for preparing a feasibility study for Tripoli SEZ (TSEZ) in 2011. The next steps for the GoL include appointing the TSEZ Authority,

amending some laws and decrees, and implementing them to develop the zone, but by May 2014 no progress has been achieved.

## **Foreign Direct Investment Statistics**

Return to top

There are no recent official statistics available on foreign direct investment (FDI). According to the United Nations Conference on Trade and Development (UNCTAD) inflows reached around USD 3.78 billion in 2012, but were expected to drop by as much as 20 percent. Banking sources estimated that construction and real estate account for the largest part of foreign investment.

The Institute of International Finance noted that FDI in Lebanon totaled USD 1.1 billion in 2012, constituting a decline of 68 percent from 2011 or 2.68 percent of GDP.

European and Asian companies have won most of the government contracts in the fields of electricity, water, telecommunications, transportation, and infrastructure. This could be attributed to the unstable political and security situation in Lebanon that discouraged U.S. companies from bidding on projects, bilateral financial protocols signed between Lebanon and some European countries that provide grants and soft-term loans, or corruption and/or undue influence in bidding and contracting processes. However, U.S. companies have won contracts in solid waste treatment and landfill and some contracts in the energy, telecommunications, and transportation sectors.

The U.S. Embassy in Beirut tracks U.S. companies' activities in the Lebanese market. The Embassy actively lobbies to support U.S. companies bidding on projects, providing equal support to all U.S. bidders via letters and direct meetings with senior Lebanese government officials and demanding fair consideration of U.S. companies that are bidding on business opportunities in Lebanon. In some cases, the Embassy and the U.S. Department of Commerce have provided higher-level advocacy from Washington. The Embassy encourages U.S. companies bidding on projects to contact the Embassy's Economic/Commercial Section for assistance and advocacy.

	Statistical source*		USG or international statistical source		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Lebanon Gross Domestic Product (GDP) (Millions U.S. Dollars)	2012	USD 42.98	2012		Lebanon's Central Administration of Statistics; IMF

The rest of the requested data is not available.

## **Contact Point at Post**

Return to top

**Economic Section** 

Address of Mission: Aoukar, P.O. Box 70-840, Antelias, Lebanon Telephone Number: +961- 4-542600

Email Address: Beirutembassyinvestment@state.gov

Return to table of contents

## Chapter 7: Trade and Project Financing

- How Do I Get Paid (Methods of Payment)
- How Does the Banking System Operate
- Foreign-Exchange Controls
- U.S. Banks and Local Correspondent Banks
- Project Financing
- Web Resources

#### **How Do I Get Paid (Methods of Payment)**

Return to top

Lebanon has no restrictions on currency conversions and transfers, and no foreign exchange controls affect trading. Around 41 percent of international trade is financed through letters of credit, and the remaining portion is financed through direct transfers. No credit rating agencies or collection agencies currently operate in Lebanon. Banks and sovereign Eurobonds are the only entities rated by international rating agencies.

## **How Does the Banking System Operate**

Return to top

Lebanon has one of the most sophisticated banking sectors in the region. Bank secrecy is strictly enforced, and the central bank - Banque du Liban (BdL) regulates all financial institutions and money exchange houses. In April 2001, Lebanon adopted Law No. 318, which created a framework for lifting bank secrecy, mandated suspicious transaction reporting, required financial institutions to obtain and maintain records of customer identification information, and facilitated access to banking information and records by judicial authorities.

Foreigners can open accounts in banks operating in Lebanon and get credit on market terms. However, due to the Internal Revenue Service's implementation of the Foreign Account Tax Compliance Act (FATCA), banks may request more information from U.S. citizens seeking to open accounts. Lebanese banks are preparing to comply with the Foreign Account Tax Compliance Act (FATCA). The Banking Control Commission (BCC) closely monitors bank credits, and all credit transactions are subject to timely and accurate disclosure. The National Institute for the Guarantee of Deposits (NIGD) insures up to LL 5 million (about USD 3,317) of Lebanese and foreign currency deposits in commercial banks. Bank financial statements are in compliance with international accounting standards. Independent auditors audit annual accounts, and most banks utilize internationally recognized accounting firms.

## **Foreign-Exchange Controls**

Return to top

Lebanon imposes no foreign exchange controls. The foreign exchange market provides free currency convertibility and perfect capital mobility.

Below is a list of U.S. banks operating in Lebanon:

#### CITIBANK N.A.

Bloc A, 3<sup>rd</sup> floor Berytus Park, Park Avenue Beirut Central District P.O.Box 11-1535 Beirut, Lebanon

Tel: 961-1-962447 Fax: 961-1-962443 http://www.citigroup.com

## **BNY MELLON (Representative Office)**

Atrium Bldg, 3rd floor Maarad Street, Nejmeh Square P.O.Box 2011-4102 Beirut, Lebanon

Tel: 961-1-988788 Fax: 961-1-989001

http://www.bnymellon.com

## JP MORGAN CHASE BANK (Representative Office)

Bloc B, 16th floor, Suite No.1601 Clemenceau Street, Gefinor Center, Beirut, Lebanon P.O.Box 11-5133 Beirut, Lebanon

Tel: 961-1-739583 Fax: 961-1-739581

http://www.jpmorgan.com

Below is a list of the top 10 Lebanese commercial banks (ranked by assets as of December 2013) with correspondent U.S. banking arrangements:

## AUDI BANK S.A.L. - Audi Saradar Group

Bank Audi Plaza, Bab Idriss Omar Daouk Street P.O.Box 11-2560 Beirut, Lebanon

Tel: 961-1-994000 Fax: 961-1-990555

http://www.banqueaudi.com

#### **BLOM BANK S.A.L.**

**BLOM Bank Bldg** 

Rashid Karameh St, Verdun

P.O.Box: 11-1912 Beirut, Lebanon

Tel: 961-1-738938; 961-1-743300

Fax: 961-1-738946 http://www.blom.com.lb

## **BYBLOS BANK S.A.L.**

Byblos Bank Tower,

Elias Sarkis Avenue, Ashrafieh

P.O.Box: 11-5605 Beirut, Lebanon Tel: 961-1-335200 Fax: 961-1-339436

http://www.byblosbank.com.lb

#### FRANSABANK S.A.L.

Fransabank Center, Hamra Street

P.O.Box: 11-0393 Beirut, Lebanon

Tel: 961-1-340180/8; 01-745761/4

Fax: 961-1-354572

http://www.fransabank.com

## **BANKMED S.A.L.**

Mediterranee Group Center 482 Clemenceau Street P.O.Box: 11-0348

Beirut, Lebanon Tel: 961-1-373937 Fax: 961-1-362706

http://www.bankmed.com.lb

## **BANK OF BEIRUT S.A.L.**

Bank of Beirut Bldg

Foch Street, Beirut Central District,

P.O.Box: 11-7354 Beirut, Lebanon Tel: 961-1-972972 Fax: 961-1-983999

http://www.bankofbeirut.com.lb

#### SOCIETE GENERALE DE BANQUE AU LIBAN S.A.L.

Sehnaoui Bldg, Riad El-Solh Street

P.O.Box: 11-2955 Beirut, Lebanon Tel: 961-1-980783 Fax: 961-1-980785

http://www.sgbl.com.lb

#### **BANQUE LIBANO-FRANCAISE S.A.L.**

Beirut Liberty Plaza

Rome Street, Hamra P.O.Box 11-0808 Beirut, Lebanon

Tel: 961-1-791332

Fax: 961-1-791332 x 1318

http://www.eblf.com

#### **CREDIT LIBANAIS S.A.L.**

5<sup>th</sup> Floor, Sofil Center Charles Malek Ave, Ashrafieh P.O.Box: 16-6729

Beirut, Lebanon Tel: 961-1-200028/9 Fax: 961-1-325713

http://www.creditlibanais.com.lb

#### BANK of BEIRUT and the ARAB COUNTRIES S.A.L.

BBAC Bldg., 250 Clemenceau Street

Hamra, Beirut Tel: 961-1-366630 Fax: 961-1-365200

http://www.bbacbank.com

**Source:** Association of Banks in Lebanon (ABL)

#### **Project Financing**

Return to top

Project financing in Lebanon derives from various sources and is not always clearly defined. According to the Council for Development and Reconstruction (CDR), the government's executive body for redevelopment, the cumulative total amount of secured foreign financing (comprised of grants, soft loans, commercial loans, export credits and medium-term loans) amounted to USD 9.942 billion at the end of 2013. The CDR also had a total of USD 1.4 billion in loans and protocols ratified by parliament but not yet disbursed and a total of USD 0.97 billion in loans (including financing for the private sector) awaiting parliament's approval. In addition, CDR had nearly USD 600 million in grants, most of which were pledges that pre-dated the 2007 Paris III donor conference and were earmarked for public investments in reconstruction following the July 2006 war. The CDR has already spent around 95 percent of this assistance. Although donors pledged another USD 1.7 billion in project financing at the Paris III conference, the CDR has a limited absorptive capacity and targets annual spending at around USD 750 million.

About 30 foreign financing sources are involved in CDR's reconstruction plan, but ten main financing sources have contributed over 90 percent of the agency's total foreign financing. These primary contributors include the World Bank, the Arab Fund for Economic and Social Development, the European Investment Bank, the Islamic Development Bank, the Governments of Saudi Arabia, Italy, and France, and commercial banks.

Web Resources Return to top

Export-Import Bank of the United States: http://www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country\_limits.html

OPIC: http://www.opic.gov

Trade and Development Agency: http://www.tda.gov

SBA's Office of International Trade: http://www.sba.gov/oit

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

U.S. Agency for International Development: http://www.usaid.gov

Association of Lebanese Banks: http://www.abl.org.lb

Banking Control Commission of Lebanon: http://www.bccl.gov.lb

Central Bank of Lebanon: http://www.bdl.gov.lb

Council for Development and Reconstruction: http://www.cdr.gov.lb

Return to table of contents

## **Chapter 8: Business Travel**

- Business Customs
- Travel Advisory
- Visa Requirements
- Telecommunications
- Transportation
- Language
- Health
- Local Time, Business Hours and Holidays
- Temporary Entry of Materials and Personal Belongings
- Web Resources

#### **Business Customs**

Return to top

Lebanese are somewhat formal in their business dealings, but concurrently they will strive to be hospitable. The most common greeting in business is the handshake with direct eye contact. Punctuality is generally expected for business meetings. Meetings are generally conducted in French, Lebanese Arabic, or English.

Business cards are commonly used. Dress code is formal in most business and official settings. Gifts are common and are accepted on most occasions.

Lebanon uses the metric system of weights and measures and the monetary unit is the Lebanese pound (LL), also called the lira. There are no exchange controls, and U.S. dollars circulate freely. Cash is the most common method of payment in Lebanon, but payment by check or credit card is possible nearly everywhere. Bank ATM machines are widespread, and cash may be withdrawn in Lebanese pounds or U.S. dollars. In 2014, PayPal system was introduced into the Lebanese market and is gradually expanding.

#### **Travel Advisory**

Return to top

U.S. companies and visitors are advised to assess carefully the situation in Lebanon by consulting the Department's Travel Warning and its Consular Information Sheet at <a href="http://travel.state.gov/content/passports/english/country.html">http://travel.state.gov/content/passports/english/country.html</a>. These documents contain essential security and safety information on travel to Lebanon.

U.S. citizens are advised to maintain valid travel documents and enroll with the Department of State or the U.S. Embassy Beirut through the State Department's Smart Traveler Enrollment Program website: https://step.state.gov/step

#### **Visa Requirements**

Return to top

Visas are required for entry into Lebanon and may be obtained at Lebanese embassies and consulates (http://www.lebanonembassyus.org). Citizens of the following countries can obtain an entry visa upon the arrival at the Beirut-Rafic Hariri International Airport (Beirut-RHIA): Andorra Antigua and Barbuda, Argentina, Armenia, Australia, Austria, Azerbaijan, The Bahamas, Barbados, Belarus, Belgium, Belize, Bhutan, Brazil, Bulgaria, Canada, Chile, China Rep, Czech Republic, Costa Rica, Croatia, Cyprus, Denmark, Dominican Republic, Estonia, Finland, France, Great Britain, Georgia, Germany, Greece, Hong Kong, Hungary, Iceland, Ireland, Islamic Republic of Iran, Italy, Japan, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Liechtenstein, Luxembourg, Macedonia, Macau (SAR), Malaysia, Malta, Mexico, Moldova, Monaco, Montenegro, Netherlands, New Zealand, Norway, Palau, Panama, Peru, Poland, Portugal, Russia, Romania, Saint Kitts & Nevis, Samoa, San Marino, Serbia, Singapore, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Tajikistan, Turkmenistan, United States of America, Ukraine, Uzbekistan, Venezuela, Yugoslavia. More information can be found on: http://www.general-security.gov.lb/Entry\_visa/sub4.aspx.

Travelers holding passports that contain visas or entry/exit stamps for Israel will likely be refused entry into Lebanon and may be subject to arrest and imprisonment. Persons seeking entry into Lebanon who have previously traveled to Israel may face arrest and/or detention even if the travel documents they are currently using do not have Israeli stamps or visas. If holders of Arab passports possess passports that contain Israeli stamps or visas, they may be subject to arrest and imprisonment. Persons, including dual national Lebanese, suspected of having traveled to or via Israel may also be subject to interrogation or detention.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links:

State Department Visa Website: http://travel.state.gov/content/travel/english.html

U.S. Embassy in Lebanon: http://lebanon.usembassy.gov

### **Telecommunications**

Return to top

International calls are expensive. The domestic public phone network (managed by the traditional public operator – OGERO) is generally reliable. Lebanon has two GSM networks that are owned by the government but are managed by two private companies (Zain Group and Orascom Telecom). Various private cellular telephones and fax facilities exist. Prepaid cellular cards are widely available, and cellular phones may be rented for the duration of a visit. Internet service is available starting at a monthly subscription fee of about USD 18 (including ten percent VAT) for limited access and is accessible to visitors at many hotels and internet cafes. DSL, ADSL, HDSL and wireless broadband internet connections are available in Lebanon, though the service is slower than what is commonly available in the United States. The Ministry of Telecommunications (MoT) launched 3G services in October 2011, with services now available across the country. Limited 4G data services were launched in May 2013 and will gradually expand in scope and geographical coverage.

For more information, please visit <a href="http://www.mpt.gov.lb">http://www.mpt.gov.lb</a>.

Transportation Return to top

Lebanon lacks adequate public transportation, but private, un-metered taxis and shared cabs are abundant in and around the capital. Please check the Department's Travel Warning for details: <a href="http://travel.state.gov/travel/cis\_pa\_tw/cis/cis\_948.html#crime">http://travel.state.gov/travel/cis\_pa\_tw/cis/cis\_948.html#crime</a>. Rental cars are readily available at a daily cost of USD 25 and up, depending on the type and model of the car. Although many international airlines serve Beirut, a 1984 U.S. Presidential Determination prohibits direct air links between the United States and Lebanon.

Language Return to top

Arabic is the official language in Lebanon, but French and English are widely spoken.

**Health** Return to top

Most pharmaceuticals and health-related products are readily available in the local market. American companies such as Abbott Laboratories, Jancen Cilag, Pfizer, and Merck Sharp & Dohme (MSD) have representative offices in Lebanon. Private hospitals in Beirut and surrounding areas provide modern care, but doctors and hospitals normally expect immediate cash payment for services if a client does not show evidence of locally accepted health insurance coverage.

#### **Local Time, Business Hours, and Holidays**

Return to top

Local time is GMT +3 from March 30 till October 25, 2014, and GMT +2 from October 26 till March 29, 2015.

Government offices hours are as follows:

- 8:00 a.m. 2:00 p.m. Monday through Thursday
- 8:00 a.m. 11:00 a.m. on Friday
- 8:00 a.m. 1:00 p.m. on Saturdays

Bank counters are generally open on the following schedule:

- 8:30 a.m. 3:00 p.m. Monday through Friday
- 8:30 a.m. 12:00 p.m. Saturdays

Private office hours vary and some exceed the 40-hour workweek.

The following dates are considered holidays in Lebanon during 2014:

January 1: New Year's Day

January 6: Armenian Christmas Day
January 13: Prophet Mohammad's Birthday

February 9: Saint Maroun's Day

February 14: Commemoration of Prime Minister Rafic Harriri's assassination

March 25: Annunciation Day

April 18: Good Friday Western / Eastern Rite
April 21: Easter Monday, Western / Eastern Rite

May 1: Labor Day

May 6: Martyrs' Day

May 25: Resistance and Liberation Day

July 28: Feast of Ramadan August 15: Assumption Day October 6: Feast of Al-Adha

October 25: Islamic New Year- Al-Hijra

November 3: Ashura

November 22: Independence Day
December 18: All Saints' Day
December 25: Christmas Day

If Lebanese holidays fall on Saturday or Sunday, Lebanese government regulations prohibit the granting of an alternate day of holiday, except for Labor Day.

#### Temporary Entry of Materials and Personal Belongings Return to top

There are no restrictions on the temporary entry of goods and equipment. Temporary importation of commercial samples, professional equipment and goods for use at trade fairs and exhibitions such as computers, repair tools, photographic and film equipment, musical instruments, industrial machinery, vehicles, jewelry, clothing, medical appliances, aircraft, race horses, art work, prehistoric relics, ballet costumes, and rock group sound systems require a temporary admission document known as ATA (Admission Temporaire) carnet, which can be exclusively obtained from the Chamber of Commerce and Industry and Agriculture of Beirut and Mount Lebanon (CCIB). By presenting an ATA carnet to Lebanese customs, the imported products and equipment pass duty and tax-free into the country for up to one year. At the end of the year, all the items listed on the carnet must be returned to the temporary exportation country. Video, audio disks and tapes may be subject to search and seizure.

For more information, please visit:

http://www.customs.gov.lb/customs/laws\_regulations/Trader\_guides.asp http://www.ccib.org.lb/Services/ATA.aspx

Web Resources Return to top

Chamber of Commerce Industry and Agriculture of Beirut and Mount Lebanon: <a href="http://www.ccib.org.lb">http://www.ccib.org.lb</a>

Lebanese Customs Authority: http://www.customs.gov.lb

Lebanese Embassy in the U.S.: http://www.lebanonembassyus.org

Ministry of Telecommunications: http://www.mpt.gov.lb
Ministry of Economy and Trade: http://www.economy.gov.lb
State Department Visa Website: http://www.ustraveldocs.com
U.S. Embassy in Lebanon: http://lebanon.usembassy.gov

Return to table of contents

## Chapter 9: Contacts, Market Research and Trade Events

- Contacts
- Market Research
- Trade Events

Contacts Return to top

#### **Ministries**

- -- Ministry of Administrative Reform: http://www.omsar.gov.lb
- -- Ministry of Agriculture: http://www.agriculture.gov.lb
- -- Ministry of Culture: http://www.culture.gov.lb
- -- Ministry of Displaced: http://www.ministryofdisplaced.gov.lb
- -- Ministry of Education & Higher Education: http://www.higher-edu.gov.lb
- -- Ministry of Economy and Trade: http://www.economy.gov.lb
- -- Ministry of Energy and Water: http://www.energyandwater.gov.lb
- -- Ministry of Environment: http://www.moe.gov.lb
- -- Ministry of Finance: http://www.finance.gov.lb
- -- Ministry of Foreign Affairs and Emigrants: http://www.emigrants.gov.lb
- -- Ministry of Industry: http://www.industry.gov.lb
- -- Ministry of Information: http://www.ministryinfo.gov.lb
- -- Ministry of Interior and Municipalities: http://www.moim.gov.lb
- -- Ministry of Justice: http://www.justice.gov.lb
- -- Ministry of Labor: http://www.clu.gov.lb/english/ministry/index.html
- -- Ministry of National Defense: http://www.lebarmy.gov.lb
- -- Ministry of Post and Telecommunications: http://www.mpt.gov.lb
- -- Ministry of Public Health: http://www.moph.gov.lb
- -- Ministry of Public Works and Transport: http://www.transportation.gov.lb
- -- Ministry of Social Affairs: http://www.socialaffairs.gov.lb
- -- Ministry of Tourism: http://mot.gov.lb
- -- Presidency of the Council of Ministers: http://www.pcm.gov.lb

## **Public Agencies**

- -- Central Bank of Lebanon: http://www.bdl.gov.lb
- -- Council for Development and Reconstruction: http://www.cdr.gov.lb
- -- Investment Development Authority of Lebanon: http://investinlebanon.gov.lb
- -- National Archives: http://www.can.gov.lb
- -- OGERO: http://www.ogero.gov.lb
- -- Port of Beirut: http://www.portdebeyrouth.com

#### **Trade Association**

- -- American Lebanese Chamber of Commerce: http://www.amcham.org.lb
- -- Association of Banks in Lebanon: http://www.abl.org.lb

- -- Association of Lebanese Industrialists: http://www.ali.org.lb
- -- Beirut Chamber of Commerce, Industry and Agriculture: http://www.ccib.org.lb
- -- Beirut Trader's Association: http://www.beiruttraders.org
- -- International Chamber of Commerce: http://www.iccwbo.org
- -- Lebanese Businessmen Association: http://www.rdcl.org.lb
- -- Lebanese Franchise Association: http://www.lfalebanon.com
- -- Professional Computer Association: http://www.pca.org.lb

Market Research Return to top

To view market research reports produced by the U.S. Commercial Service please go to the following website: <a href="http://www.export.gov/mrktresearch/index.asp">http://www.export.gov/mrktresearch/index.asp</a> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

`Trade Events Return to top

Please click on the link below for information on upcoming trade events.

http://www.export.gov/tradeevents/index.asp

http://www.iktissadevents.com

http://www.confex-lebanon.com

http://www.ifpexpo.com

http://www.promofair.com.lb

http://www.bielcenter.com

http://www.hospitalityservices.com.lb

http://www.export.gov/Lebanon

Return to table of contents

# Chapter 10: Guide to Our Services

The President's National Export Initiative marshals Federal agencies to prepare U.S. companies to export successfully, connect them with trade opportunities and support them once they do have exporting opportunities.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov.

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: http://export.gov/lebanon/eg\_lb\_035718.asp.

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the U.S. Department of Commerce's Trade Information Center at (800) USA-TRAD(E).

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

Return to table of contents